MT. AUBURN ASSOCIATES

GLOUCESTER HARBOR ECONOMIC DEVELOPMENT PLAN

FINAL REPORT

MAY 2011

PREPARED FOR:
THE CITY OF GLOUCESTER

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INTRODUCTION

Gloucester Harbor has played a central role in Gloucester's economic life and community identity since the city's early settlement nearly four centuries ago. The commercial fishing industry has sustained families and fueled the city's economy for generations while shaping its rich culture and traditions. Beginning in the 19th century, the allure of the working waterfront, with its wide array of maritime activities, colorful characters, and picturesque views, brought adventurous travelers and artists to the city and spawned an increasingly important visitor economy. And, as other communities have lost their traditional industries to the forces of economic change, the people of Gloucester have struggled to preserve their economic legacy with characteristic tenacity.

Yet, it has become increasingly apparent over the last several decades that the scale of economic activity generated by traditional industries is not sufficient to sustain the harbor economy at healthy levels. In particular, the challenges faced by the commercial fishing industry have resulted in a decline in vessels and crews and the disappearance of many harbor businesses that provide the industry with supplies and services. Many harbor properties lay vacant, underutilized, and deteriorated because of a lack of demand for traditional maritime uses.

A consensus appears to be emerging within the community that, while everything possible should be done to support and sustain traditional harbor industries, the community must also pursue new economic opportunities that will complement rather than supplant traditional industries and, at the same time, build a more vibrant and robust harbor economy that will create jobs and business opportunities for community residents, stimulate harbor property investment, and generate more tax revenue for local government.

The objective of this report is to help the community achieve this vision. The report assesses the economic position of existing harbor industries and identifies emerging industries with growth potential that are well-suited to a harbor location. The recommendations in the report lay out specific strategies and implementation steps designed to help sustain traditional industries while broadening the harbor's economic base with new industry development.

Efforts to strengthen the harbor economy must address a complex set of factors, each of which is examined in the report.

- ***Industry conditions and trends.*** The extent to which traditional harbor industries can be retained and new industries attracted is influenced by broader regional and national economic forces, industry development trends, and Gloucester's competitive position with respect to both existing and potential industries. In the case of the commercial fishing industry, federal fisheries regulation has also strongly influenced the industry's current status and future prospects.

- ***The real estate market.*** The harbor economy and real estate market are closely intertwined. On the demand side, the nature and scale of economic activity is what drives demand for property. On the supply side, property characteristics will influence the types of economic activities that can be drawn to the harbor.
- ***Public infrastructure.*** The condition of public infrastructure in the harbor area can significantly influence the economic environment. Investments in public infrastructure can serve to catalyze private investments.
- ***The regulatory environment.*** Land use and environmental regulation strongly influence the types of development that can occur in Gloucester Harbor. The regulatory environment for development within the harbor area is very complex.
- ***Downtown-harbor connections.*** The harbor and downtown are closely linked economically. The more robust the harbor economy, the more patronage downtown merchants are likely to enjoy. And, the more vibrant and attractive the downtown, the more likely both the downtown and the harbor are to attract local and more distant visitors.
- ***Economic development capacity and resources.*** Successful implementation of harbor and downtown economic development will require organizational leadership and participation in these efforts as well as sufficient financial resources from a variety of sources.

The recommendations at the conclusion of the report address each of these key factors influencing harbor development.

The study area for the report comprises two areas: the Marine Industrial Zone in the harbor, which includes the Designated Port Area (a zone established by the State to preserve marine industrial uses; and the Main Street/downtown area. The study area is shown on Map 1 below.

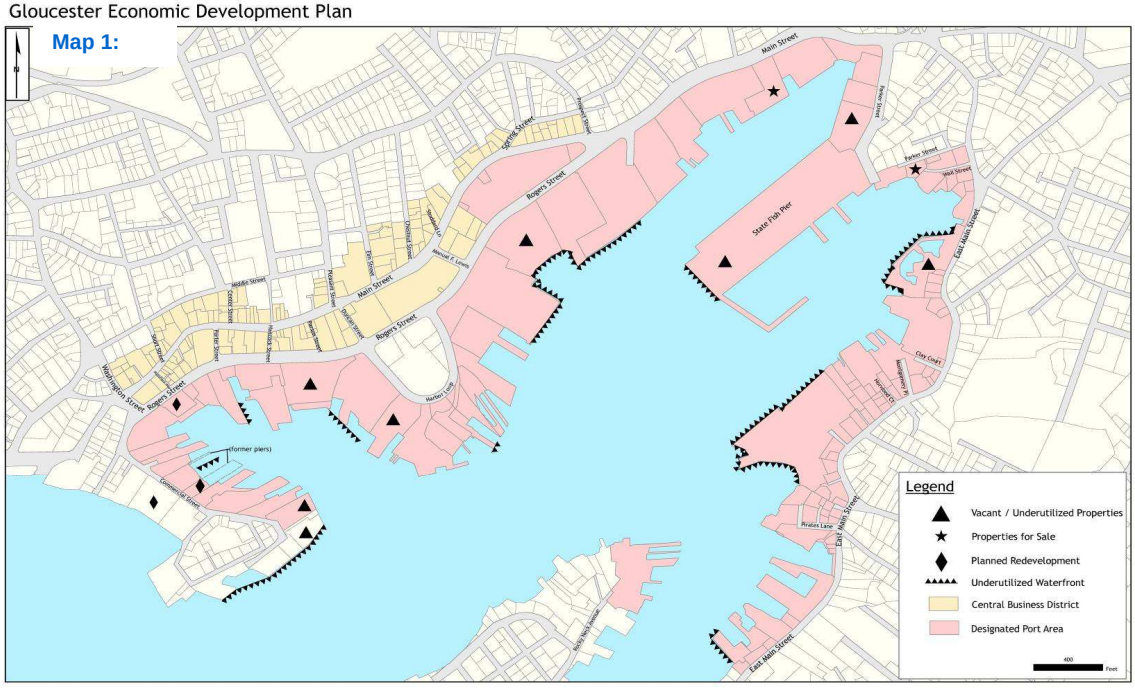
Preparation of the report involved gathering information from a wide variety of sources:

- meetings and one-on-one interviews with organizational leaders and individuals representing key stakeholder groups, including harbor and downtown businesses and organizations, commercial fishermen, harbor property owners, representatives of businesses and public agencies with roles in harbor and downtown development, and citizens organizations; and
- public meetings to present findings on the status and prospects of key harbor industries and to obtain public feedback.
- interviews with local real estate professionals;
- review of City documents and visual inspections of public infrastructure;
- review and analysis of land use and other relevant regulations;
- surveys of downtown and harbor businesses;
- compilation of information on relevant local, state, and federal organizations and programs;

- review of industry studies, analysis of industry data, and interviews with industry experts; and
- collection and analysis of local property data and visual property inspections.

Gloucester Economic Development Plan

Map 1:



The study was guided by a Harbor Economic Advisory Team appointed by the Mayor and representing key stakeholder groups, including the commercial fishing industry, the tourism industry, area businesses, local government, and citizens organizations. The consultants met with the advisory team seven times over the course of the study to report progress, present findings, and obtain feedback.

The consulting team views this study as very much the product of a collaborative process with the community. Economic development efforts cannot solely be a response to market forces, but must also be built on community knowledge, aspirations, values, and vision. In the final analysis, the extent to which the community adopts the recommendations in this report as its own agenda will determine whether the goal of building a strong and sustainable harbor economy can be accomplished.

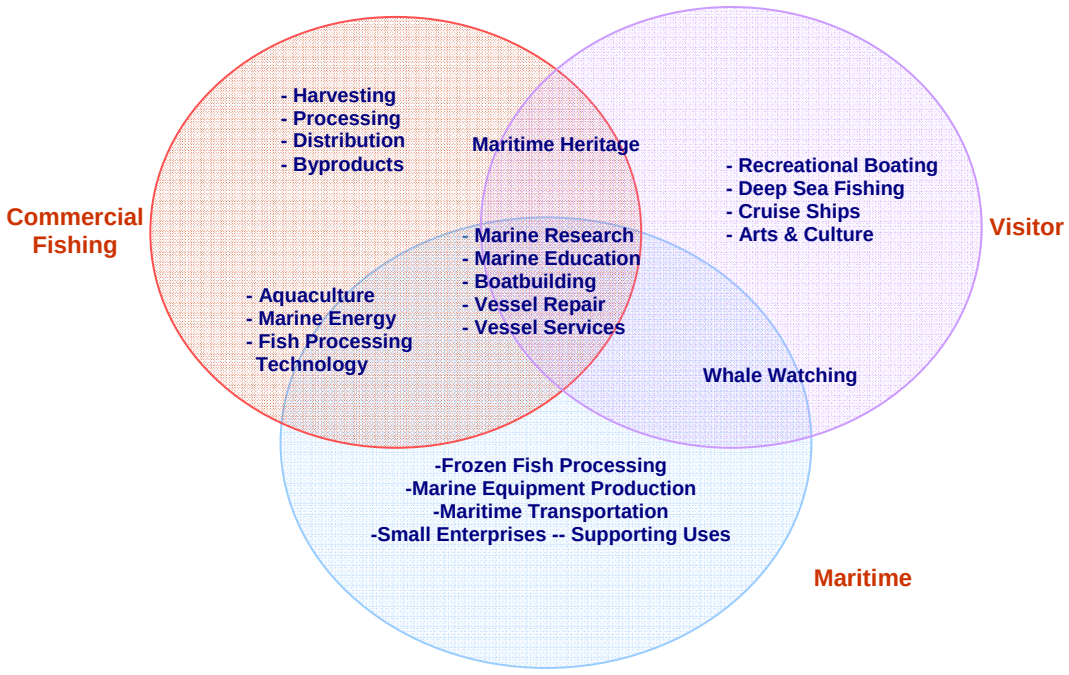
FINDINGS

THE HARBOR ECONOMY

The Three Legs of the Harbor Economy

The key to creating jobs and stimulating property investment in the harbor area is to understand and build on the harbor's economic strengths. Certain economic activities gravitate to the harbor because of the locational advantages it offers. The city's commercial fishing industry dominated the harbor economy for almost 400 years because of its proximity to the plentiful fisheries of the Gulf of Maine. The appeal of the working waterfront, interest in the area's rich economic and cultural history, and access to water recreation have brought visitors to the harbor for well over a century. Over the years, access to the water has also attracted a range of other maritime-related activities. And, as the state and national economies evolve, new industries that benefit from water access are emerging. At the same time, the harbor economy is limited by local and state regulations that prohibit or restrict certain property uses that might otherwise develop if market forces were allowed to take their course.

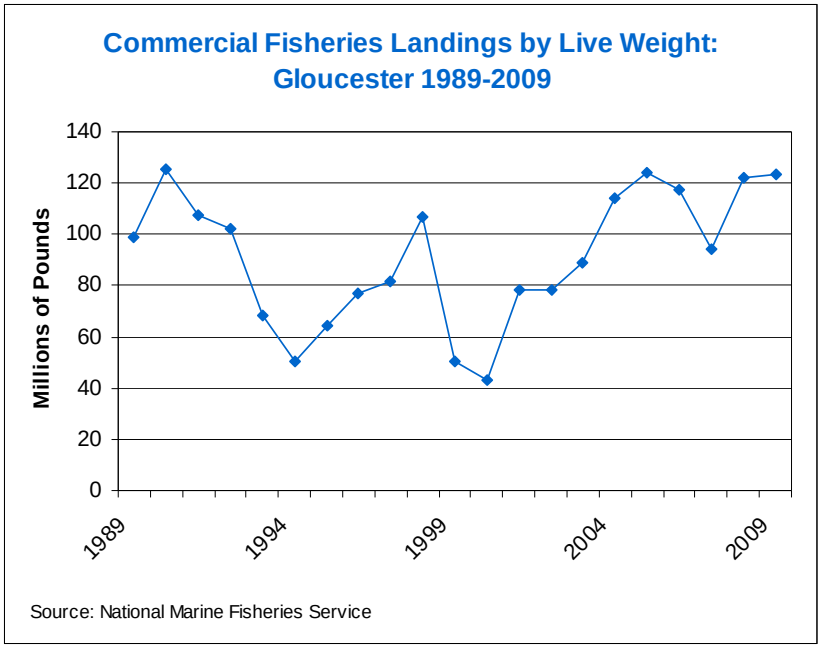
This section of the report describes the three legs of the harbor economy — commercial fishing, the visitor economy, and the maritime economy — and identifies the challenges and opportunities involved in sustaining and strengthening these industries. As the diagram below illustrates, these industries are distinct but interdependent. Each leg supports the other. Efforts to develop the harbor economy must recognize this interdependence, seek to build each leg in ways that strengthen rather than weaken the others, and maintain a balance among the three.



The Commercial Fishing Industry

Fish Harvesting

Chart 1:



While Gloucester's commercial fishing industry declined substantially through the 1980s, the trend since then, while fluctuating on an annual basis, has not shown strong upward or downward movement. After declining through the early 1990s, landings in the all-important groundfish industry were relatively stable from the late 1990s to 2007, ranging from 20 million to 25 million pounds, although they increased to almost 30 million pounds in 2008, accounting for almost one-quarter of growth in total landings over 2007. In 2009, they fell back about 1.5 million pounds, to 28.4 million pounds, a result of the economic downturn and more stringent catch limits. (See Chart 1.)

Gloucester has become increasingly important among New England's fishing ports, both in total landings and groundfish landings. In 2008, Gloucester was 10th in the nation among commercial fishing ports in volume of fisheries landings by weight (120.2 million pounds); it was ninth in the value of landings ($54.2 million). Gloucester is the second most important fishing port in New England, after New Bedford, and the most important groundfishing port. It accounted for 39 percent of New England's pelagic landings and 31 percent of the region's groundfish landings in 2008. (See Table 1 on the following page.)

The Jenny G

While landings remained stable through 2009, Gloucester's commercial fishing fleet declined considerably since the early 2000s. The number of licensed commercial vessels home-ported in Gloucester declined by almost 20 percent between 2003 and 2008.

New England groundfish stocks are expected to rebuild substantially — to three times 2003 levels by 2014 — as a result of the species recovery targets set in the federal Magnuson-Stevens Fishery Conservation Management Act. Because of these aggressive targets, catch levels are being set at very low levels in the years leading up to 2014. Low catch levels, along with the uncertainties introduced by the new "catch share" system for managing groundfish catches, have created severe financial hardships within the industry. However, once species recovery targets have been met, catch limits can be expected to increase substantially after 2014.

If National Marine Fisheries Service (NMFS) projections for sustainable groundfish landings are ultimately reached, groundfish landings in Gloucester could increase to up to 95 million pounds based on Gloucester's current share of total New England landings. This is more than triple the 2008 level of almost 30 million pounds and would result in an increase in total landings of all species by about half over 2008.

Growing U.S. seafood consumption and the high percentage of consumption supplied by imports (84 percent in 2007) suggest that there will be adequate demand for any growth in New England groundfish landings that occurs because of increased catch limits.

Table 1:
Commercial Fishery Landings 2008
Major New England Ports

Port	Live Weight (million pounds)	Value (million dollars)
New Bedford, MA	146.4	$241.3
Gloucester, MA	120.2	$54.2
Point Judith, RI	37.6	$36.9
Portland, ME	35.1	$22.6
Rockland, ME	29.6	$8.1
Stonington, ME	17.4	$15.4
Provincetown-Chatham, MA	15.3	$18.3
Boston, MA	10.7	$12.5
Source: National Marine Fisheries Service		

Fish Processing

Fresh fish processing in Gloucester Harbor has declined significantly during the past several decades. While the decline in landings has been a principal contributor to this trend, other factors are also at play:

- preference of wholesalers to process fresh groundfish for the retail and food service industries closer to markets in Boston and New York;
- the growing share of landings comprised of herring, which is sold live for bait, shipped to canneries in Maine and Canada, or shipped frozen to overseas markets;
- the relatively high cost of water, which is used heavily in processing; and
- the inability of Gloucester's sewer system to handle fish wastes, requiring processors to install their own pre-treatment systems.

Despite this decline, a number of fresh fish processors have remained in Gloucester Harbor, indicating that water and pre-treatment costs do not necessarily eliminate Gloucester Harbor as a feasible location for processing.

Neptune's Harvest

A recent development is the production of seafood byproducts. One Gloucester Harbor business, Neptune's Harvest, collects fish waste (gurry) from fresh fish processors in Gloucester and elsewhere to manufacture organic fertilizers and insect repellents. The business has been quite successful and recently expanded its production capacity significantly. It reports that production could be further increased if it were able to obtain additional gurry.

Infrastructure and Services

Gloucester is considered a regional hub and full-service port. Key attributes related to this characterization include:

- ability to serve both vessels home-ported in Gloucester and transient vessels from more distant ports;
- adequate permanent, short-term, and transient dockage;
- ability to unload vessels and sell catch at auction or directly to buyers;
- availability of supplies such as ice, fuel, gear, bait, and crew provisions; and
- haul out and repair facilities.

While the commercial fishing fleet has declined, concerns remain about the adequacy of dockage, which is key to retaining the industry in Gloucester. A considerable number of vessels use private dockage that is not explicitly reserved for commercial fishing vessels, raising questions about its long-term availability.

A report by the Gloucester Community Panel in 2005 identified a number of factors that have restricted the supply of dockage:

- Lower catch limits have reduced the supply of dockage at any one time because vessels are in port longer.
- Some vessels lay idle because owners of multiple vessels have the option of leasing permits from one vessel to another under federal regulations.
- Some formerly active dock space has fallen into disrepair.

The projected increase in groundfish stocks and the implementation of the catch share regulatory scheme will likely affect demand for dockage among the groundfish fleet, although the exact nature of the impact is uncertain. The increase in groundfish landings and the expected consolidation of the fleet could lead to a shift in demand for dockage to larger vessels (70+ feet), an increase in total demand for dockage, or both.

The number of businesses providing equipment, supplies, and services needed by the commercial fishing industry has declined with the scale of commercial fishing and the size of the commercial fishing fleet.

Vessel owners rely largely on two businesses for vessel repairs, the Gloucester Marine Railway and Rose Marine. One of these, the Marine Railway, is struggling financially, and its continued operation is in question. While designed to repair larger vessels, particularly in the 100-foot range, there are few such commercial fishing vessels based in Gloucester. It also repairs other commercial vessels, including tugboats, ferries, excursion vessels, barges, and schooners, but this has not compensated for the decline in business from commercial fishing vessels. The Railway's owners have concluded that the investment required to modernize its facilities and address environmental requirements is not supported by its current revenue base or foreseeable income opportunities. The loss of this business would reduce repair options, particularly for larger vessels.

Another important supplier to commercial fishing vessels, Cape Pond Ice, is also struggling financially. In addition to a declining market and excess production capacity, high local water costs make it difficult to compete with its major competitor in New Bedford.

Workforce

The aging of the fishing workforce and the difficulty of attracting new recruits, particularly to the groundfish industry, will present a challenge to fishing businesses as older workers retire and groundfish stocks recover. In 2008, the average age of a State commercial permit holder was 51. While age data on crew are not available, vessel captains indicate that crew members are often 50 years of age or older. Uncertainty about the economic future of the industry has increased the challenge of attracting new workers.

There are currently no commercial fishing training programs to provide a pipeline of new workers as older workers retire. While training was traditionally done on the job, the increasingly complex technical and regulatory dimensions of commercial fishing require classroom as well as on-the-job training.

Market Opportunities and Challenges

Local processing of fresh-caught groundfish is unlikely to increase at current volumes of fish landings. Current processing methods and locations, markets, and distribution channels are likely to remain in place unless market dynamics change dramatically. Increases in groundfish landings projected by NMFS could eventually lead to increased

local processing through expansion of existing processors or new entrants. Increased processing levels could lead to economies of scale in both production and distribution, offsetting to some degree Gloucester's cost disadvantages related to water rates and waste pre-treatment requirements.

There may also be niche opportunities for processing of fish currently caught in Gloucester but processed elsewhere, including shrimp and whiting. This would require the development of new marketing and distribution channels.

Increased groundfish landings would likely lead to increased processing of fish byproducts. Neptune's Harvest reports strong and growing market demand for its fertilizers and insect repellents and indicates a desire to expand if it can obtain more gurry. It also sees opportunities to increase its product lines to cosmetics, pharmaceuticals, animal feeds, and health foods, and to use additional marine materials such as shellfish byproducts and seaweed, if it can partner with research scientists in product development. There may also be an opportunity to manufacture byproducts from pelagics, notably fish oil, although the financial feasibility of such an enterprise in Gloucester Harbor has not been established.

Another market opportunity is to develop new marketing approaches for fresh caught seafood to increase recognition of the quality of the Gloucester "brand" and, consequently, the price paid to the harvester. A current example is Cape Ann Fresh Catch, operated by the Gloucester Fishermen's Wives Association, which provides direct-to-consumer sale of whole fish. In 2009, it had 780 members and sold 5,000 pounds per week (approximately 1 percent of average weekly landings). Strong initial consumer interest indicates the potential to increase membership and sales with more extensive education, marketing, and distribution channels. If it reaches a large enough scale, it could push auction prices up, further increasing fishermen's incomes.

The Visitor Economy

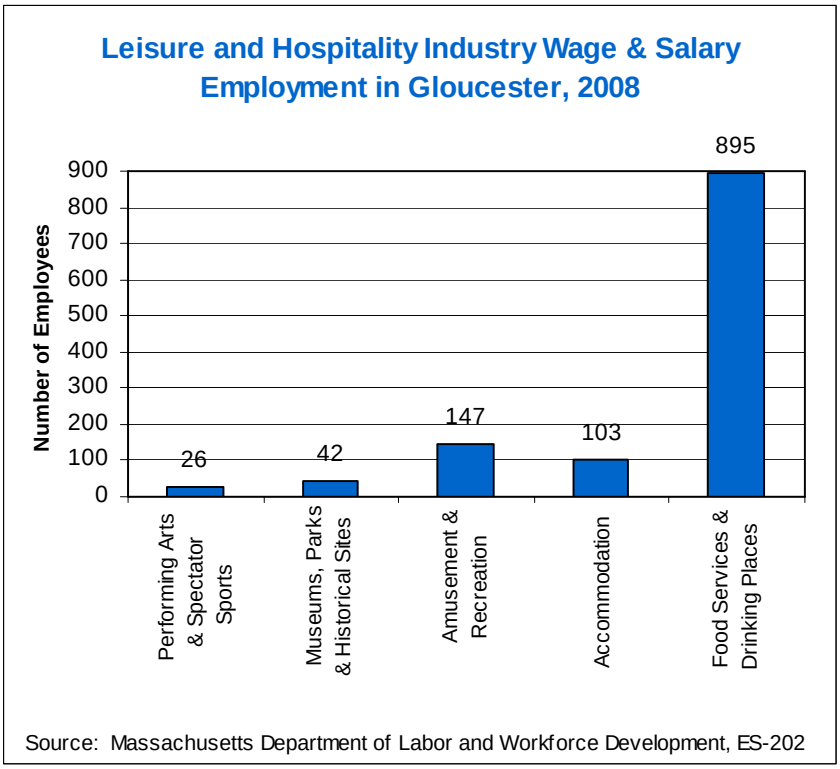
Gloucester offers a diverse range of visitor attractions — recreational, cultural, historical, and educational. The diversity of the visitor experience has been a key factor in developing the city's visitor economy. Most of the city's visitor attractions are closely tied to the region's maritime setting, economy, and history. The city's beaches and parks are also important attractions.

Gloucester Harbor is central to the city's visitor industry. Local tourism industry representatives agree that its working harbor is what makes Gloucester a visitor destination. The harbor's "authenticity" distinguishes Gloucester from many of the region's other tourism destinations. There is also strong consensus within the local tourism community that the working harbor must be preserved, not only for its centrality to the maritime economy, but also for its role in drawing visitors to the city.

Employment

Employment in Gloucester's leisure and hospitality industry provides the best indicator of the role played by tourism in the local economy. While not a precise measure of tourism-related employment (it includes employment such as food services that is only partly tourism-related, excludes employment in other industries such as retail that are also partly tourism-related, and does not incorporate data on self-employed workers, which are not available at the municipal level), it is the best data available absent more precise economic impact studies. Wage and salary employment in the industry was 1,213 in 2008, 11.4 percent of total wage and salary employment. (See Chart 2.)

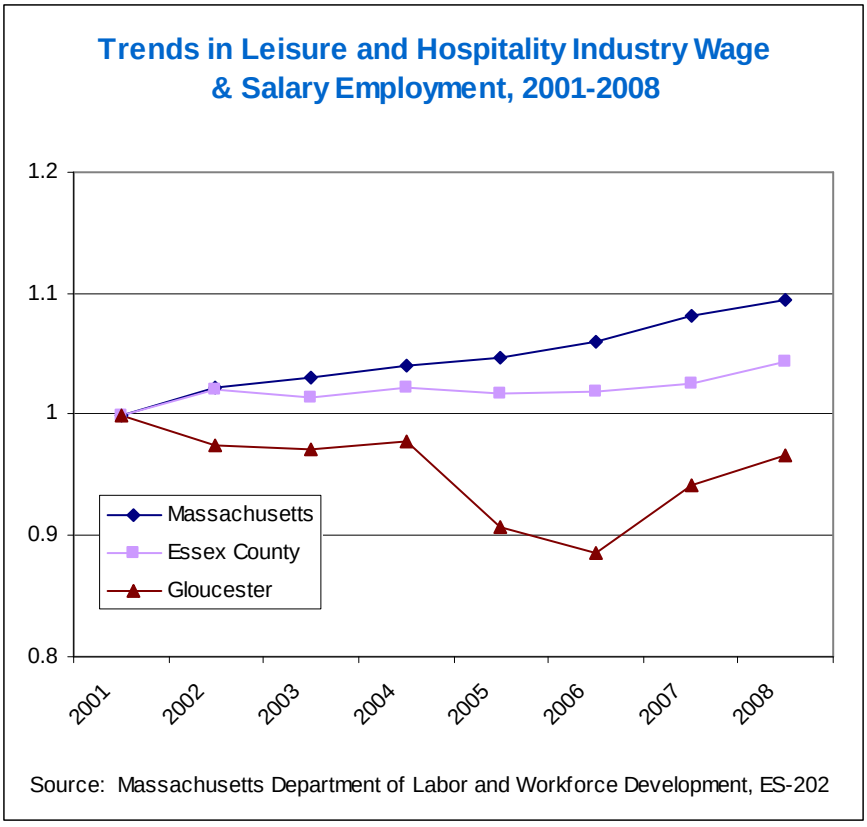
Chart 2:



Source: Massachusetts Department of Labor and Workforce Development, ES-202

Recent trends in local leisure and hospitality employment indicate that Gloucester's tourism economy has lost ground. Employment declined between 2001 and 2008, while increasing at both the county and state levels. Employment trends differed in the two major industry segments: while it grew by 25 percent in arts, entertainment, and recreation, it declined by 8 percent in accommodation and food services. (See Chart 3 on the following page.)

Chart 3:



Key Segments of the Harbor's Visitor Economy

Gloucester offers a large and diverse number of water-based, maritime heritage, and arts and cultural attractions that draw visitors to the harbor. At the same time, the diversity of these attractions and the absence of a single major destination present challenges for how to best define or brand the "Gloucester experience" and how to ensure visitor's awareness of and access to these many attractions.

The Working Waterfront. Tourism industry representatives report that, aside from any single harbor attraction, visitors are drawn to Gloucester to observe the working waterfront, particularly the operations of the fishing fleet. Visitors have expressed an interest in viewing activities such as fish-offloading, sale, and processing "up close." However, there are limited opportunities to do so, largely because of safety and security concerns. One exception is Cape Pond Ice, which offers tours of its facility. Another is Harbor Tours, which offers lobstering trips, including hauling lobster traps.

Water-based Activities. These include deep sea fishing and fishing charters, whale watches, and other boating excursions, including custom sailing or yacht charters and recreational marinas.

Maritime Heritage. Gloucester Harbor offers a wide range of maritime heritage attractions and events. Major attractions include the Gloucester Maritime Heritage Center, which attracts an estimated 30,000 visitors annually, the Schooner Adventure, the city's downtown Historic District, and the Cape Ann and Sargent House museums. Major annual events include St. Peter's Fiesta, the Schooner Festival, and Sail Gloucester, a new event organized in 2009 to bring tall ships to Gloucester Harbor. A number of private galleries offer arts and crafts products and exhibits related to Gloucester's maritime heritage, complementing local nonprofit organizations and events.

At the regional level, the Essex National Heritage Area develops and promotes the area's historic, cultural, and natural resources, with a number of sites in Gloucester.

Gloucester Maritime Heritage Center

Arts and Culture. Gloucester has a thriving arts community whose presence is closely tied to the natural beauty of its coastline, the compelling story of its fishing community, and the lively scenes of its working harbor. Leading organizations include the Society for the Encouragement of the Arts (seARTS), a local artists' coalition; the Rocky Neck Art Colony, the nation's oldest continuously operating art colony, with 25 studios and galleries in East Gloucester and Rocky Neck; and the North Shore Arts Association, with three galleries and numerous exhibitions and events. Gloucester also has a growing number of downtown galleries, along with the Cape Ann and Sargent House museums.

A considerable amount of the art produced by Gloucester's past and present artists is tied to the city's maritime setting and heritage. At the same time, contemporary artists work in a variety of styles and media that broaden art offerings well beyond a maritime focus.

The city's arts organizations have worked to support the visitor economy by marketing galleries and exhibits to visitors, sponsoring and participating in visitor-oriented events, and developing creative approaches to making the harbor a setting for arts activities, such as the New Arts Festival. Visitors to Gloucester make up a significant portion of the audience for local arts activities. According to a 2003 study by Americans for the Arts, almost one-quarter of attendees to the city's arts events were non-local.

Tourism Market Trends

General Tourism. Nationally, the tourism industry has experienced solid growth in recent years and has shown surprising resilience in light of the recent economic downturn. Leisure travel in the U.S. has grown considerably over the past decade. U.S. domestic leisure travel volumes (i.e., the number of person-trips) increased by 19.5 percent between 1998 and 2008, according to data developed by the Travel Industry Association. Despite the weak economy, 2009 volumes are expected to decline by only 1.4 percent. Travel expenditures in Massachusetts and Essex County increased by 20.4 percent and 11.8 percent, respectively, between 2000 and 2007, according to a report prepared by the Massachusetts Office of Travel and Tourism.

Historic and Cultural Tourism. Historic and cultural tourism has been one of the fastest growing segments of the tourism industry and generates relatively high levels of visitor spending. According to *The Historic/Cultural Traveler*, a report prepared by the Travel Industry Association, in 2003, 81 percent of U.S. adults who took at least one trip of 50 miles or more away from home in the prior year included at least one cultural, arts, historic, or heritage activity or event while traveling, and 25 percent took three or more of these trips per year. Four in ten say they added extra time to their trip because of an historic/cultural activity.

Historic trips are more likely than the average U.S. trip to include higher spending. They are more likely than average to include a stay at overnight lodging. Households taking historic/cultural trips spend an average of about one-third more on these trips (excluding transportation to the destination) than traveling households overall.

Water-based Tourism. Water-based tourism activities that are found in Gloucester, including recreational boating, recreational fishing, and whale watching, have seen stable or declining market trends at state and national levels.

- *Recreational Boating.* According to data generated by the National Marine Manufacturers Association, adult participation in recreational boating declined by almost 19 percent between its recent peak in 1997 and 2005, before rebounding by 21 percent between 2005 and 2008. 2008 participation was slightly below the 1997 peak. Massachusetts had 145,496 recreational boat registrations in 2007, ranking 29th in the U.S. This was a decline from a recent peak of 156,121 in 2003.
- *Recreational Fishing.* Saltwater fishing in Massachusetts has declined considerably during the past decade. Between 1996 and 2006, the number of saltwater anglers declined by 31 percent and the number of fishing days declined by 23 percent. The number of anglers from out of state declined by 32 percent.

The Wejack Deep Sea Charter Vessel

- *Whale Watching.* An estimated 910,000 people went on whale watches in New England in 2008 with an average ticket cost of about $38, according to a report recently released by the International Fund for Animal Welfare. Stellwagen Bank is the most popular whale watching location, accounting for about 80 percent of all whale watching in the region. The major whale watching ports are Gloucester, Plymouth, Provincetown, and Boston. The average annual number of whale

watchers in the region declined by about 3 percent between 1998 and 2008, while the average ticket cost increased by about $13.

Market Opportunities and Challenges

Strengthening Gloucester's visitor-based economy will require attracting more visitors to Gloucester and motivating them to stay for longer periods, thus increasing spending, business income, and employment. Among the key opportunities and challenges for strengthening the visitor economy are the following:

Leveraging and preserving Gloucester's authentic character. The emerging concept of "geotourism" provides a framework for tourism development that maintains the authentic character of the working waterfront. Geotourism:

The Working Waterfront

- sustains or enhances the geographical character of a place — its environment, culture, aesthetics, heritage, and the well-being of its residents;
- incorporates the concept of sustainable tourism — that destinations should remain unspoiled for future generations — while allowing for ways to protect a place's character;
- adopts the principle that tourism revenue should promote conservation, culture, and history — all distinctive assets of a place;
- appeals to visitors seeking quality environmental, cultural, and arts experiences and willing to pay more for them and
- engages the local community in stewardship of local assets.

Local tourism representatives agree that tourism must preserve Gloucester's authenticity, including preserving and complementing the commercial fishing industry and working waterfront. The community has repeatedly demonstrated a strong commitment to the concept of geotourism through its active engagement in organizing heritage and cultural attractions and events.

Strengthening tourism marketing. A number of organizations are involved in marketing Gloucester to visitors through websites, printed guides, maps, and other efforts. Foremost among these are the Cape Ann Chamber of Commerce, Seaport Gloucester, a newly established nonprofit Destination Marketing Organization, and the City's Tourism

Commission. A group of volunteers has taken on the task of maintaining and upgrading the City's tourism website.

Funds for tourism marketing are limited. Unlike some heavily tourism-oriented communities, Gloucester lacks a dedicated annual public revenue source for tourism marketing. Most tourism businesses and organizations are small and locally-based and lack the revenues to contribute significant funds to tourism marketing.

While existing web-based and printed marketing materials are highly professional, resources are insufficient to undertake more labor- and technology-intensive marketing activities. These include placement of media stories, outreach to travel guides, trade show attendance, marketing to tour operators and travel agents, developing vacation packages, and developing more sophisticated digital media tools. In addition, there is no consistent brand, theme, or look to integrate the various marketing efforts.

Enhancing and expanding visitor attractions. The harbor already has a strong and diverse base of visitor attractions. At the same time, building on existing attractions or developing additional attractions could help increase visitation, particularly during shoulder seasons. Community members have advanced a number of ideas for developing additional facilities, exhibits, and events:

- more walkways, viewing points, and facility tours within the harbor to increase opportunities for visitors to closely observe the working waterfront;
- more boatbuilding demonstrations;
- commercial fishing vessel cruises demonstrating commercial fishing techniques (both a unique visitor experience and an opportunity for fishermen to supplement their income when not fishing);
- extending the farmers market to create a permanent public market with fresh seafood, produce, baked goods, and other fresh foods, restaurants, arts and craft sales, and local performers;
- integrating more arts activities into local festivals; and
- more arts performance and exhibition space, either through use of existing facilities or development of new facilities, and more work space for artists.

Developing the cruise ship market. Expanding cruise ship calls is another way to bring more visitors to Gloucester Harbor. With the opening of Cruiseport, Gloucester has the capacity to bring small ships (up to about 400 passengers) directly into the harbor. While Gloucester only attracted a handful of cruise ships through 2009, trends in the small cruise ship market indicate that there is an opportunity to significantly increase cruise ship calls.

Offering a variety of interesting shore excursion options is an essential element of a successful cruise ship port visit. Smaller ships with smaller tour groups are often looking for personalized and unique demonstrations that would not normally be available to the general public. They need to be well-organized and "authentic" to the region/port.

Gloucester and surrounding areas have many of the attractions in place that can create appealing shore excursions, including whale watches, museums, historical sites, shopping, arts, water recreation, and its working waterfront. At the same time, the fact that some of the initial cruise lines did not return to Gloucester may indicate that, in some cases, the landside experience was not optimal. Obtaining feedback from the cruise lines on the quality of the landside experience can help the visitor industry, merchants, and the City to address any noted deficiencies and prepare more effectively for future cruises.

Improving harbor access and expanding services for recreational boaters. Recreational boaters are an important source of visitation to Gloucester Harbor. Better harbor access increases the likelihood that recreational boaters will visit the city's historic and cultural attractions and patronize its harbor and downtown shops, services, and restaurants. However, limitations in harbor infrastructure and services as well as regulatory restrictions discourage access to the harbor and cause some recreational boaters to avoid Gloucester entirely. A number of suggestions have been made in the Harbor Plan and by others to increase access to the harbor for recreational boaters:

Solomon Jacobs Landing

- make facilities built for commercial vessels available to recreational vessels for a short duration (e.g., one night);
- use temporary bottom-anchored floats or rafts (licensed on an annual basis);
- create additional dinghy tie-ups at Harbor Cove and/or Solomon Jacobs Landing;
- consider locations just outside the Designated Port Area (DPA) for transient boating facilities (e.g., Stage Fort Park, south end of Commercial Street); and
- establish a shuttle service to ferry recreational boaters into the harbor.

As emphasized in the Harbor Plan, any facility or amenity constructed to provide services to recreational boaters should not displace or conflict with the marine industrial or commercial water-dependent activities of the waterfront.

Improving wayfinding, circulation, and connectivity. The disjointed layout of the harbor area, the limitations of vehicle and pedestrian infrastructure, and the disparate location of harbor attractions make navigating the harbor and downtown areas difficult for visitors. A number of suggestions have been made for addressing these issues and some have been attempted in the past:

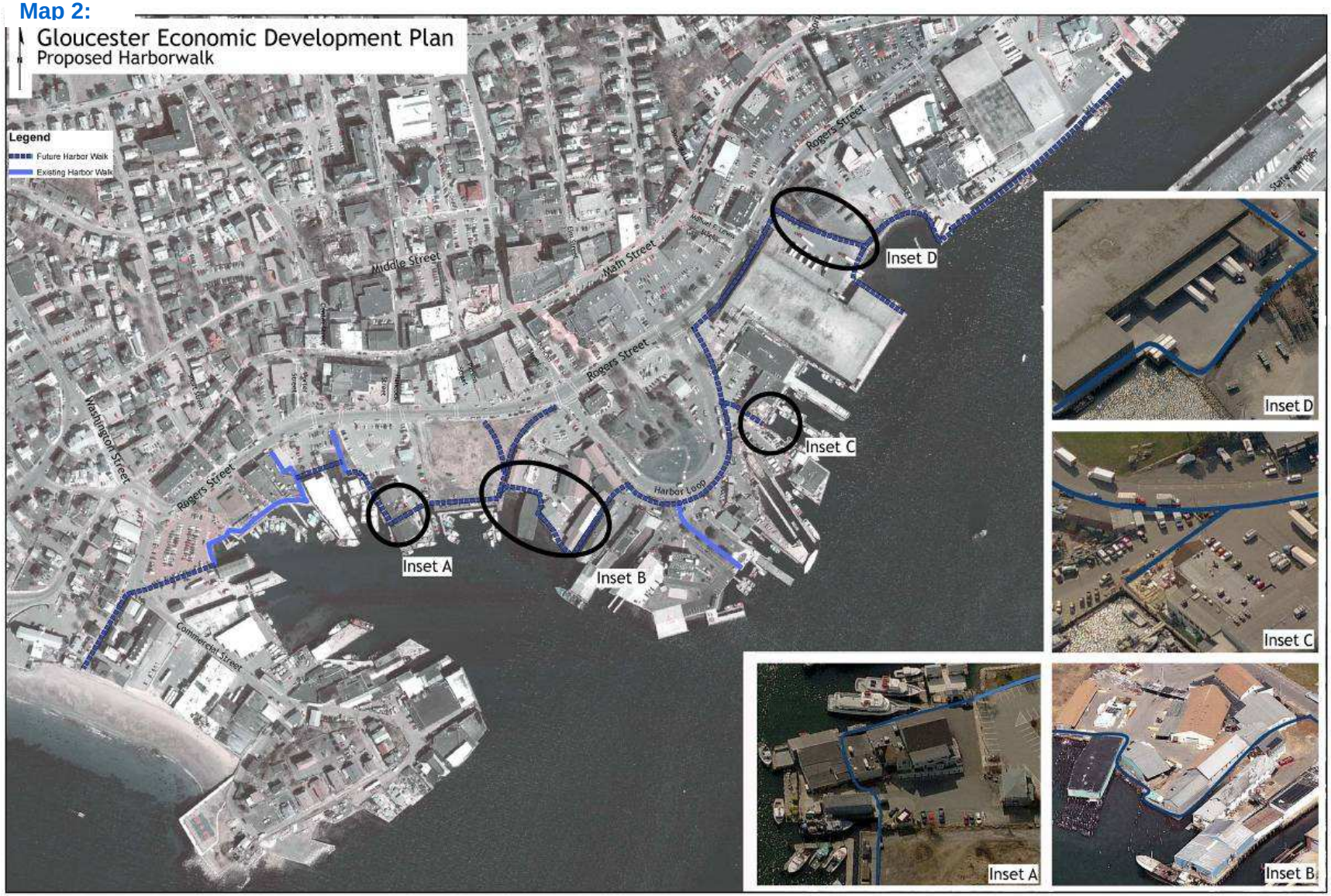
- expand the harborwalk in the Harbor Cove area to improve pedestrian access to the harbor (discussed in greater detail in Section 2.3) (see Maps 2 and 3);
- improve wayfinding signage for vehicles and pedestrians;
- make the Rogers Street corridor more pedestrian friendly and create physical and visual connections between downtown and the harbor;
- establish a harbor water shuttle to transport visitors to key locations around the harbor and between the harbor and waterside parking areas such as Stage Fort Park;
- create a more pedestrian-friendly environment by improving existing pedestrian walkways and extending walkways where practical (discussed in greater detail in Section 2.3);
- create more accessible viewing points around the harbor; and
- increase automobile parking in the downtown and harbor areas and/or shuttle visitors from remote parking areas.

Developing lodging in close proximity to the harbor. Cape Ann currently has only about 600 hotel rooms, far short of what the Cape Ann Chamber of Commerce estimates is needed to support the market for overnight visitors. Downtown could accommodate a small number of "boutique" hotels. Conveniently located hotels would enable visitors to walk rather than drive to downtown and harbor attractions, and would encourage visitors to stay in the area longer, provide accommodations for group tours, small business meetings, and business travelers visiting downtown and harbor businesses, and make Gloucester a more attractive point of embarkation for cruise ships by providing pre- and post-cruise accommodations.

The Maritime Economy

The maritime economy is defined as commercial, industrial, and institutional activities that are supported by the port's maritime assets — both physical and intellectual — but do not primarily involve commercial fishing or tourism, although they overlap with and are complementary to these industries. In particular, some activities may provide supplementary work and income to the commercial fishing industry. These activities may require water access or are otherwise allowable within the State's Designated Port Area regulations.

Map 2:


Gloucester Economic Development Plan
Proposed Harborwalk
Legend
Future Harbor Walk
Existing Harbor Walk
Middle Street
Main Street
Rogers Street
Rogers Street
Washington Street
Rogers Street
Harbor Loop
Commercial Street
Inset A
Inset B
Inset C
Inset D
Inset D
Inset C
Inset A
Inset B

Map 3:


Gloucester Harbor Economic Development Plan
Downtown / Harbor
Future Public Realm
Flanagan Square Gateway
Cruiseport
Gorton's
Rogers Street
Spring Street
Gloucester City Hall
Cape Ann Museum
State Fish Pier
Middle Street
Main Street
Sargent Gillman House
Police Station
Gloucester Seafood Auction
Fitz Hugh Lane House
Maritime Heritage Center
Harbor Loop
Gus Foote Park
Washington Street Gateway
St. Peter's Square
Access Alternatives
Harbor Cove
Solomon Jacobs Park
Commercial Street
Cape Pond Ice
Pavillion Beach
The Fort
Fort Park
Future Harborwalk Connection to Stacey Boulevard and Stage Fort Park
Legend
Downtown Heritage Trail
Vessel View Trail
Future Harbor Walk
Streetscape Improvements
Downtown / Harbor Connections:
Pedestrian and Vehicle Access
Pedestrian Only
Pedestrian Only (as proposed by Gillham & Gander)
View Point
Waterfront View (Gillham & Gander Report)
Harbor View (Gillham & Gander Report)
Public Landing
Park / Public Space
Beach
Cultural / Institutional
Data: City of Gloucester Assessors Office
City of Gloucester Information Sevices
200
Feet

The study divides the maritime economy into four segments. The first two involve marine and maritime activities that could be permitted as DPA Supporting Uses, the third involves DPA-eligible water-dependent industrial uses other than fishing or tourism, while the fourth involves activities that may be allowable as DPA supporting uses depending on how integrated the uses are with the water-dependent industrial uses surrounding them. The four segments are:

1. marine research;
2. marine and maritime education;
3. marine and maritime industries; and
4. small technology-based, professional, and creative enterprises.

This categorization was used because each category represents a distinct "market" for economic development efforts. As efforts to develop the local maritime economy are organized, each of these maritime segments will require different approaches to and tools for development.

Marine Research

Marine research is a large and growing field. It includes:

- marine biological research — the study of fish, whales, and other marine mammals, plants, and other marine organisms;
- fisheries research — to monitor the status of the fisheries and to provide data and develop methods to improve fisheries management;
- aquaculture — developing methods for rearing aquatic animals or cultivating aquatic plants for food, diagnostic testing, and ornamentals;
- marine environmental research — monitoring the marine environment to identify impacts on marine life, coastal communities, and global climate;
- marine biotechnology research — the study of chemicals and biologics derived from marine organisms to develop products including pharmaceuticals, biofuels, and environmental treatments; and
- marine technology research — including developing vessels, instrumentation, and equipment for exploration and monitoring of the marine environment and developing energy sources from wave and tidal movements.

Gloucester has a number of assets that make it a desirable location for marine research, including availability of commercial vessels with experienced captains and crew, skilled technical labor (e.g., welders, electricians, diesel engine mechanics, commercial divers/underwater welders, electronics specialists, and refrigeration specialists), harbor front real estate, and proximity to the Stellwagen Bank and Gulf of Maine.

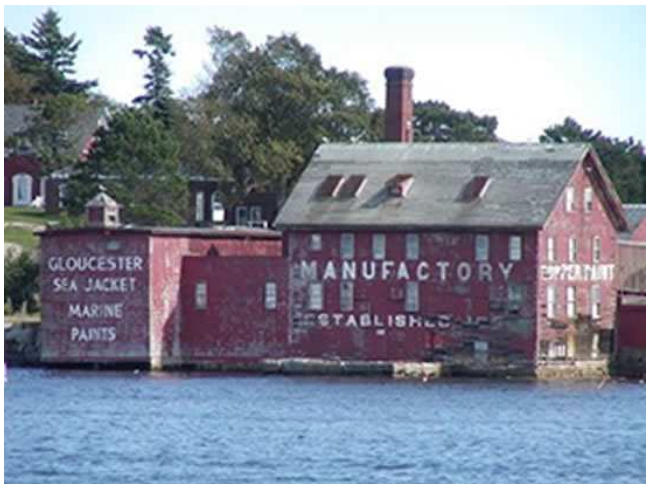
Location of research facilities in Gloucester Harbor generates a number of economic benefits:

- creating direct employment;

- stimulating investment in harbor properties and infrastructure;
- allowing for use of vessels and marine services;
- drawing visitors engaged in research and educational activities to Gloucester Harbor;
- providing additional visitor attractions; and
- increasing the potential of formation of new business enterprises that seek to collaborate with research personnel or commercialize new products developed through research.

While not a major center of marine research, Gloucester hosts a number of marine research organizations and activities.

Marine Biological Research. Gloucester is becoming a significant center of whale research, with the Whale Center of New England and the planned new headquarters for the Ocean Alliance in the historic Paint Factory facility at Rocky Neck.



New Headquarters of the Ocean Alliance

Fisheries Research. The National Atmospheric and Oceanographic Administration (NOAA) funds cooperative research between marine research scientists and commercial fishermen to monitor the condition of the fisheries and to develop sound methods for fisheries management. Gloucester fishermen have occasionally participated in cooperative fisheries research with federally-funded research scientists and could become more involved as funding for cooperative research increases. Most of the research conducted in the Northeast is through the Northeast Fisheries Science Center based in Woods Hole.

While funding for cooperative research has been limited, the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006 mandates expansion of cooperative research projects focused on improving the quality of data collection for stock assessments and related research. Participation by commercial fishermen in cooperative research can supplement income earned through fish harvesting.

Aquaculture Research. Growing demand for seafood and declining global supplies of many seafood species have led to increasing aquaculture production. This has also led to an increase in aquaculture research, both to develop methods to increase aquaculture production and to ensure that these methods are safe and environmentally sustainable. NOAA's Marine Aquaculture Initiative invests in aquaculture research, education, and outreach activities, primarily through its National Sea Grant College Program. Massachusetts Institute of Technology's Sea Grant Program operates a finfish hatchery at the Gloucester Maritime Heritage Center. The director of

the program reports that he is planning to invest additional resources to upgrade some of the facility's capabilities. Salem State College's Northeastern Massachusetts Aquaculture Center (NEMAC) has expressed interest in using the University of Massachusetts' field station at Hodgkins Cove for its aquaculture field research. Other hatcheries for ocean aquaculture farms could be housed in a number of waterfront facilities.

Marine Environmental Research. Concerns about threats to the marine environment caused by such factors as pollution and global warming have fueled increasing levels of marine environmental research. One example of a major marine environmental research project along the New England and eastern Canadian coast is red tide research. Multiple institutions including the University of Massachusetts, Woods Hole Oceanographic Institution, University of Maine, and University of New Hampshire cooperate in this research. Gloucester's proximity to the Gulf of Maine could make it a convenient base for research cruises and a potential site for a field laboratory. Gloucester's proximity to major fisheries could also make it a convenient base for research on the impact of climate change on the marine environment.

Marine Biotechnology Research. Both commercial and institutional marine biotechnology are still very much emerging fields. NOAA, through its National Sea Grant College Program, has been an important source of support for marine biotechnology research. The NOAA Research Office of Ocean Exploration has supported several "bioprospecting" expeditions to search deep-water habitats for marine organisms that may contain bioactive compounds that could be synthesized and manufactured as pharmaceutical products or biomedical research tools. With proximity to the resources-rich Georges Bank, Gloucester can potentially serve as a base for such expeditions and provide field laboratories for analysis of marine microorganisms.

One area of marine biotech research that appears to have short-term commercialization potential in Massachusetts is marine biofuels. The director of MIT's Sea Grant Program is preparing to expand research and education activities in algae energy and is considering Gloucester as a location for field experiments if resources can be obtained.

Neptune's Harvest on Commercial Street in the harbor, which already produces organic fertilizers and insect repellants from fish wastes, has expressed an interest in partnering with marine biotechnology researchers to develop new products from marine materials, including pharmaceuticals, fertilizers, and protein supplements.

The harvesting of marine organisms for marine biotechnology research and product development in the waters near Gloucester should only proceed if federal and/or state environmental impact assessments determine that such activities do not threaten the sustainability of wild fisheries.

Marine Technology Research. Development of technologies for ocean research and exploration includes ships, submersibles, new diving technologies, and observation tools that allow examination of the oceans in systematic, scientific, and noninvasive ways. This includes undersea robotics technology. While Gloucester has not been a center of the development of technology for marine research, it has an opportunity to become the site of some of the MIT Sea Grant Program's research on autonomous underwater vehicles and communications equipment if

it can find suitable space on the harbor. This might also involve hiring local fishing vessels and crews to conduct some of the research.

Marine and Maritime Education

With its maritime history, working harbor, active commercial fishing industry, and access to key sites for marine research, Gloucester has the potential to offer a continuum of educational programs at all points in the spectrum of marine and maritime education.

Gloucester Harbor already has a significant cluster of marine educational activities.

- The Whale Center of New England offers internships for college and post-college students. The Ocean Alliance also plans to offer a number of educational programs.
- The Maritime Heritage Center's Marine Education Center, which targets elementary and middle school students, features six digital microscope assemblies, each wired to its own computer terminal, which introduce students to live organisms invisible to the naked eye. The adjoining auditorium provides teaching space.
- The SEA Initiative, established in 2007, is a multi-year partnership between Gloucester Public Schools, the Gloucester Education Foundation, and the Massachusetts Institute of Technology's Edgerton Center.

The Whale Center's Internship Program

There are also some immediate opportunities to expand marine and maritime education programs in Gloucester. Two local residents with extensive experience in the biotechnology field have developed a detailed plan for an industry-funded biotechnology education institute providing training at the technician and professional levels. And, North Shore Community College (NSCC) has proposed the establishment of a Marine Technology Center at the UMass field station at Hodgkin's Cove in partnership with government, business and industry, higher education, public schools, and community leaders. The center would include expanding NSCC's academic programming in marine technology, including marine systems, electrical machinery, communication-navigation, marine trades, and marine safety, and partnering with public schools to develop middle school and high school curriculum in marine science and technology. While the plan was submitted specifically in response to solicitations of interest in the field station site, a location in or near Gloucester Harbor may be more desirable because of closer proximity to marine businesses.

There are also some longer-term opportunities for expanding marine educational activities in the harbor:

- The Schooner Adventure plans to offer educational programming for both elementary and secondary students once restoration of the craft is completed.
- Faculty at the UMass School of Marine Sciences, a multi-campus school that includes UMass Lowell, have expressed an interest in field sites to conduct research and education activities.
- In the commercial fishing industry, the aging of the commercial fishing workforce and the growing technical and regulatory complexities of the industry have caused some industry representatives to call for the establishment of a commercial fishermen's training program to precede traditional on-the-job training.

Marine and Maritime Industries

For the purposes of this study, marine and maritime industries are defined as industries other then commercial fishing and direct support activities for the local fishing industry (e.g., fresh fish processing, distribution, vessel services) that develop products and services used in a marine environment. These industries include boatbuilding, marine equipment manufacturing, fish processing equipment manufacturing, water transportation, aquaculture, marine renewable energy, and marine contracting (e.g., for coastal protection and restoration projects). The strongest opportunities for Gloucester appear to be in boatbuilding and industries emerging through marine research such as aquaculture and marine renewable energy.

Marine and maritime industries are a significant source of employment and income in Massachusetts. A recent study of the state's marine science and technology industry estimated that the industry's total annual economic impact in 2004 was $2.9 billion in annual output, more than 22,000 jobs and an annual payroll of $1.3 billion.[1]

Advanced Boatbuilding. The track record of Phil Bolger and Friends (PBF), and the potential applications of its advanced hull designs, provide an opportunity to develop a niche in advanced boatbuilding. Phil Bolger and Friends has established a decades-long reputation for innovative hull design for a variety of craft, both pleasure and commercial. The firm's designs offer particular potential to increase fuel efficiency, which will become increasingly important as energy costs continue to rise.

[1] Barrow, Clyde et al, *The Marine Science and Technology Industry in New England.* University of Massachusetts, May 2005. The study defined the marine science and technology industry as including marine instrumentation and equipment, marine materials and supplies, marine research and education (excluding government grants and contracts), marine services, and shipbuilding and design. Reported impacts include direct impacts generated by marine science and technology firms, indirect impacts generated by supplier firms, and induced impacts generated by consumer spending by firm employees.

The Department of the Navy's Ship and Force Architecture Concepts Program recently contracted with the firm to design and build a prototype of a 40-foot patrol craft using a small commercial fishing vessel designed by the firm as a basis for the design. Funding for the project is being provided by the Navy, the State Executive Office of Energy and Environmental Affairs, and the City of Gloucester. The project will employ a foreman and two construction crew trainees for a three-month period.

The Robin Jean, Designed by Phil Bolger & Friends

If the prototype meets its design specifications, the design could be adapted to the construction of various types of commercial and recreational vessels, with a scale-up into commercial production and increased employment of local skilled tradesmen. Finding a location that would enable visitors to observe the boatbuilding activities would provide an attraction that local tourism representatives cite as sought after by visitors.

In the short-term, PBF has an understanding with the Gloucester Maritime Heritage Center to use its facility for small-scale prototype development. If initial prototype development demonstrates commercial potential, larger stand-alone facilities would likely be required.

Aquaculture. The U.S. aquaculture industry has strong growth potential. According to the U.N. Food and Agriculture Organization, aquaculture accounted for 47 percent of the world's fish food supply in 2006. World aquaculture product has grown dramatically in the last 50 years, from less than one million tons in the early 1950s to 51.7 million tons with a value of $78.8 billion in 2006. Growth rates in North America have been much lower than in most other regions, with average growth of 1.8 percent per annum between 1995 and 2005. America's aquaculture industry currently meets only 5 to 7 percent of U.S. demand for seafood, and the U.S. currently imports about 85 percent of its seafood.

Aquaculture in New England is already a significant industry. According to the National Marine Fisheries Service, major marine aquaculture species cultivated in New England and their market value in 2007 were oysters ($81.5 million); clams ($65.8 million); salmon ($40.8 million); tilapia ($34.4 million); striped bass ($31.5 million); shrimp ($10.0 million); and mussels ($4.5 million).

The Massachusetts Office of Coastal Zone Management has developed an Aquaculture Strategic Plan for the state. The plan acknowledges the need to support aquaculture in a manner that is compatible with the other existing uses of Massachusetts' waters, including the maintenance of healthy wild fisheries.

Aquaculture producers in Gloucester could benefit from collaboration with institutions conducting applied aquaculture research in or in close proximity to Gloucester, including the MIT finfish hatchery, Salem State College's Northeastern Massachusetts Aquaculture Center,

and the University of New Hampshire's Atlantic Marine Aquaculture Center. Gloucester also provides proximity to markets and infrastructure, which are important advantages for the industry.

Aquaculture can provide supplemental income to the commercial fishing industry. Fishing boats are needed to seed, maintain, and harvest aquaculture stocks. Fishermen could also form cooperatives to operate aquaculture businesses, including processing, packaging, and marketing.

The development of aquaculture production in Gloucester must be compatible with the preservation of wild fisheries and a healthy marine environment. Any such production should only move forward after mandated federal and/or state environmental impact assessments.

Marine-related Alternative Energy Equipment Production, Generation, and Transmission. Marine-related renewable energy includes ocean, tidal, and offshore wind energy.

According to the recently released national report *Priorities for the Incoming Administration* by the Ocean Research and Advisory Panel, "The ocean represents an immense resource for renewable energy that could revolutionize energy production and job creation in the U.S. If only a small fraction of the tidal, wave, and current energy in the ocean that is directly adjacent to our country were captured, we would substantially reduce our dependence on hydrocarbons, especially foreign oil." However, they remain largely undeveloped at present.

In 2005, the Electric Power Research Institute (EPRI) released a series of reports on wave energy potential in the United States, identifying Massachusetts as one of six states with potentially attractive wave power sites. Demonstration wave power projects are being examined for various locations in New England. EPRI also released a series of reports identifying sites in the United States and Canada with tidal potential. The Massachusetts coastline was one of five areas identified.

The University of New Hampshire Center for Ocean Renewable Energy, founded in January 2008, provides multiple-scale research, technology development, and evaluation, education, and outreach on issues related to ocean renewable energy systems. Gloucester's proximity to this research center, access to the ocean and tidal areas, and its extensive port infrastructure, may make it a desirable base site for demonstration projects and spin-off companies.

In the area of wind energy, the Massachusetts Technology Collaborative, General Electric, and the U.S. Department of Energy have formed an organizing group to discuss and create guidelines for an offshore wind collaborative for wind energy development in the waters of the Atlantic off the Northeast coast. The recently approved Cape Wind project, which will place 130 wind turbines in Nantucket Sound, is expected to create 1,000 construction and assembly jobs and 150 permanent jobs. The global wind energy market is projected to grow from its current annual size of $8 billion to $47 billion in the next 10 years, with a major percentage of this invested in offshore facilities.

The recently released draft Massachusetts Ocean Management Plan identifies two provisional sites for commercial-scale wind energy production in coastal waters near Gloucester. One is

approximately five miles south of Gloucester and the other is approximately 15 mile north. These areas are considered less technically suitable for wind energy than some sites in southeastern Massachusetts, but could be considered for designation subject to additional research. If these sites are developed for commercial wind energy, Gloucester's full-service port would make it a likely base for constructing, operating, and repairing wind energy facilities.

As with aquaculture, the development of marine-related alternative energy production in Gloucester must be compatible with the preservation of wild fisheries and a healthy marine environment. Any such production should only move forward after mandated federal and/or state environmental impact assessments.

Small Enterprises

Gloucester Harbor, with its picturesque views, interesting mix of activities, and proximity to downtown shops and restaurants, can be an attractive location for small entrepreneurial companies. It is likely to be particularly attractive to entrepreneurs who live in or near Gloucester and are looking for a site that appeals not only to themselves, but also to a staff of knowledge workers. Gloucester's quality of life, proximity to the water, and relatively low cost can be an important draw for "lifestyle" entrepreneurs.

While not marine industrial, such businesses can qualify to use some of the space within the Designated Port Area as a supporting use. New opportunities have been created through the State's recent approval of the City of Gloucester's Harbor Plan that allows an increase in the supporting use category from 25 to 50 percent of total property square footage.

The development of additional amenities such as walkways, a harbor shuttle, and eating places would likely help to attract such companies. Another important issue to address is improving access to advanced digital communications such as wireless internet services.

THE HARBOR REAL ESTATE MARKET

The harbor economy and real estate market are closely intertwined. On the demand side, the nature and scale of economic activity is what drives demand for property. If demand is insufficient, properties will remain vacant and underutilized. On the supply side, property characteristics will influence the types of economic activities that can be drawn to the harbor. Businesses will only locate in the harbor if they can find properties suitable to their needs. This section of the report assesses both short-term and long-term real estate market conditions to identify key market factors that must be taken into account in formulating a harbor economic development strategy. A separate discussion of berthing facilities is included at the conclusion of the section.

Current Market Environment and Property Conditions

Gloucester has a large supply of vacant and underutilized waterfront land and buildings for which there is very little local real estate demand under current land use regulations. Any significant new investment and economic uses for the waterfront will need to come from longer-term initiatives to attract and develop new marine-related industries and activities.

Economic Trends Influencing Local Real Estate Demand

Employment data were analyzed to identify Gloucester's key employment trends from 2003 to 2007. This period provides a picture of the city's economic activity and trends before the impact of the current recession. Since employment growth is a major driver of demand for real estate, this analysis informs how the city's economic growth, if consistent with recent trends, is likely to shape real estate demand. One limitation of this data is that it covers only firms with wage and salary employees and, thus, does not reveal trends in self-employment or informal economic activity (self-employment data are not available at the municipal level). Therefore, it is particularly likely to understate employment in the fishing industry. Consequently, data on wage and salary fishing industry employment have been excluded from this analysis.

Table 2 on the following page shows employment growth in Gloucester and the southern North Shore[2] region for selected industries. A comparison of employment trends between Gloucester and the North Shore region may identify sources of regional real estate demand that Gloucester's waterfront can address and clarifies in which industries Gloucester is faring better or worse than the region. Key points from this comparison are:

- The rate of overall employment growth was similar for Gloucester and the region.
- Gloucester fared better in its manufacturing industries, which grew by 3.2 percent, versus a 5.4 percent decline for the North Shore area.
- Seafood processing was stable in Gloucester, but declined by 6 percent in the region.
- Grocery wholesalers grew 27 percent in Gloucester, while declining 26 percent in the region — suggesting that Gloucester's growth is tied to the fishing industry or other local factors.
- Gloucester had a higher growth rate for professional and business services with particularly strong growth in the administrative and support services segment, indicating growth in demand for office space.
- Regional job growth outpaced Gloucester in scientific research and development, with regional growth of 51 percent compared to a decline of 65 percent in Gloucester.
- Arts, entertainment, and recreation increased by 11 percent in Gloucester, while declining by 9 percent regionally.

[2] The Southern Essex Region includes the following 19 communities: Beverly, Danvers, Essex, Gloucester, Hamilton, Ipswich, Lynn, Lynnfield, Manchester, Marblehead, Middleton, Nahant, Peabody, Rockport, Salem, Saugus, Swampscott, Topsfield, and Wenham.

- Food services employment grew by 1.5 percent regionally, but declined by 5.1 percent in Gloucester.

Table 2: Employment Change in Selected Industries from 2003 to 2007, Gloucester and North Shore Workforce Investment Area

	Gloucester			North Shore	
Sector/Industry Name	Number 2007	Numerical Change 2003-2007	% Change 2003-2007	Numerical Change 2003-2007	% Change 2003-2007
Total, All industries	10,838	97	0.9%	1,341	0.8%
Manufacturing	2,801	87	3.2%	-1,130	-5.4%
Durable Goods Manufacturing	1,970	201	11.4%	-123	-0.8%
Non-Durable Goods Manufacturing	832	-114	-12.1%	-1,006	-17.7%
Food Manufacturing	536	3	0.6%	20	0.9%
Seafood Preparation & Packaging	509	2	0.4%	-45	-6.0%
Trade, Transportation & Utilities	1,879	-168	-8.2%	-515	-1.4%
Wholesale Trade	351	-7	-2.0%	120	2.0%
Grocery Product Wholesalers	223	47	26.7%	-279	-25.6%
Retail Trade	1,227	-87	-6.6%	-471	-1.8%
Transportation & Warehousing	301	-73	-13.6%	-137	-4.4%
Professional & Business Services	1,031	264	34.4%	743	4.6%
Mgmt & Technical Consulting Svc	48	26	118.2%	-39	-4.3%
Scientific Research & Development Svc	15	-28	-65.1%	269	51.1%
Leisure and Hospitality	1,182	-37	-3%	-466	-2.5%
Arts, Entertainment, & Recreation	210	21	11.1%	-344	-9%
Performing Arts & Spectator Sports	26	2	8.3%	-127	-29.2%
Museums, Parks & Historical Sites	43	13	43.3%	-1	-2%
Amusement, Gambling & Recreation	142	7	5.2%	-217	-7.5%
Accommodation & Food Services	972	-58	-5.6%	-121	-0.8%
Accommodation	95	-12	-11.2%	-319	-21.7%
Food Services & Drinking Places	876	-47	-5.1%	198	1.5%

For tourism-related industries, the region saw a decline both in arts, entertainment, and recreation, and accommodation and food services, while Gloucester added jobs in the former sector. In accommodation and food services, Gloucester declined at a lower rate than the region in accommodations, but fared much worse in food services. The difference in the food services area may reflect lower population and household growth in Gloucester versus other North Shore communities. The regional decline in accommodations suggests challenges for the entire region, not just Gloucester, in attracting extended stay tourism and business meetings.

These trends indicate growing demand in Gloucester for office space in recent years with stable demand for industrial space and stable to slightly lower demand for retail and restaurant space. Since the demand for retail and restaurants is driven by customer spending and visitor activity, demographic changes, new housing development, and expanded tourism could reverse these

recent trends. At the regional level, space to support the growing research and development base is needed.

The implications for waterfront space are mixed: declining fishing employment suggests less need for support services and space on the waterfront; if the grocery wholesaling growth is tied to fresh fish wholesaling then it could increase demand for waterfront storage space. The decline in key tourism-related industries also indicates that new strategies or initiatives will be needed to reverse recent trends and stimulate tourism, investment, and jobs.

Harbor Real Estate Demand

Based on interviews with real estate professionals and firms, there is little demand for industrial waterfront space consistent with current state and local land use regulations. All real estate professionals reported declining demand for industrial waterfront space with the reduction in commercial fishing activity. Most realtors reported that no one had contacted them seeking waterfront space for allowed uses. The only demand reported by two brokers with waterfront space for lease was from fishermen for low-cost storage or work space. One broker also reported interest from speculators seeking to acquire buildings with the expectation that DPA regulations would be changed. Another reason cited for declining demand is the shift among some local fish processing companies away from fresh and locally-caught fish to frozen fish and non-local supplies. Since these processors receive fish by truck, they do not require a waterfront location and some have moved to non-waterfront locations in Gloucester over the past several years.

Interviews with existing commercial fishing or marine-related firms revealed no unmet space needs or expansion plans. Two firms with expansion plans in recent years, Neptune's Harvest and Cape Seafood, have not been able to obtain a sufficient supply of fish or fish waste needed to expand their processing operations. Moreover, a recent study by the Cecil Group for the State Fish Pier in Gloucester to evaluate potential new uses for existing vacant sites concluded that there were no identifiable feasible uses for the unimproved areas on the fish pier. The report stated that there is considerable existing overcapacity that could address any needs associated with any future increase in commercial fishing as stocks and allowable catch rebound.

This report also considered the feasibility of several specialized uses or facilities on the fish pier including a wastewater processing facility, a protein processing facility, and a multiuse facility, but concluded that there was insufficient demand for any of these uses to be feasible. The one use for which it found unmet demand was berths for commercial fishing boats, and it recommended that the fish pier add two additional berths — the maximum number that it can accommodate.

In contrast with weak demand for industrial uses, there has been investment and expansion within the waterfront in recent years among non-marine industrial uses including restaurants, Cruiseport, and nonprofit organizations such as the Maritime Heritage Center and Ocean Alliance. Recently, the Cape Ann Brewery's proposal to occupy the vacant Doyon's building adjacent to St. Peter's Square was approved by the State under the 50 percent Supporting Use provision of the City's Harbor Plan.

Harbor Real Estate Supply

Based on the assessor's database, the study area has 110 parcels with 102 acres of land area and approximately 1.5 million square feet of building space. (See Table 3) Industrial uses are by far the largest land use, accounting for 52 percent of land and 74 percent of building space. Dockyards/marinas account for the next largest share of land acreage, at 12 percent, while offices account for the next largest share of building square footage at 10 percent. Other uses, including restaurants and clubs, parking, residential, retail, government, institutional, public parkland, each account for less than six percent of land acreage. About six percent of land is vacant. (See Table 3 below and Waterfront Land Use Maps 4-7 on following pages.)

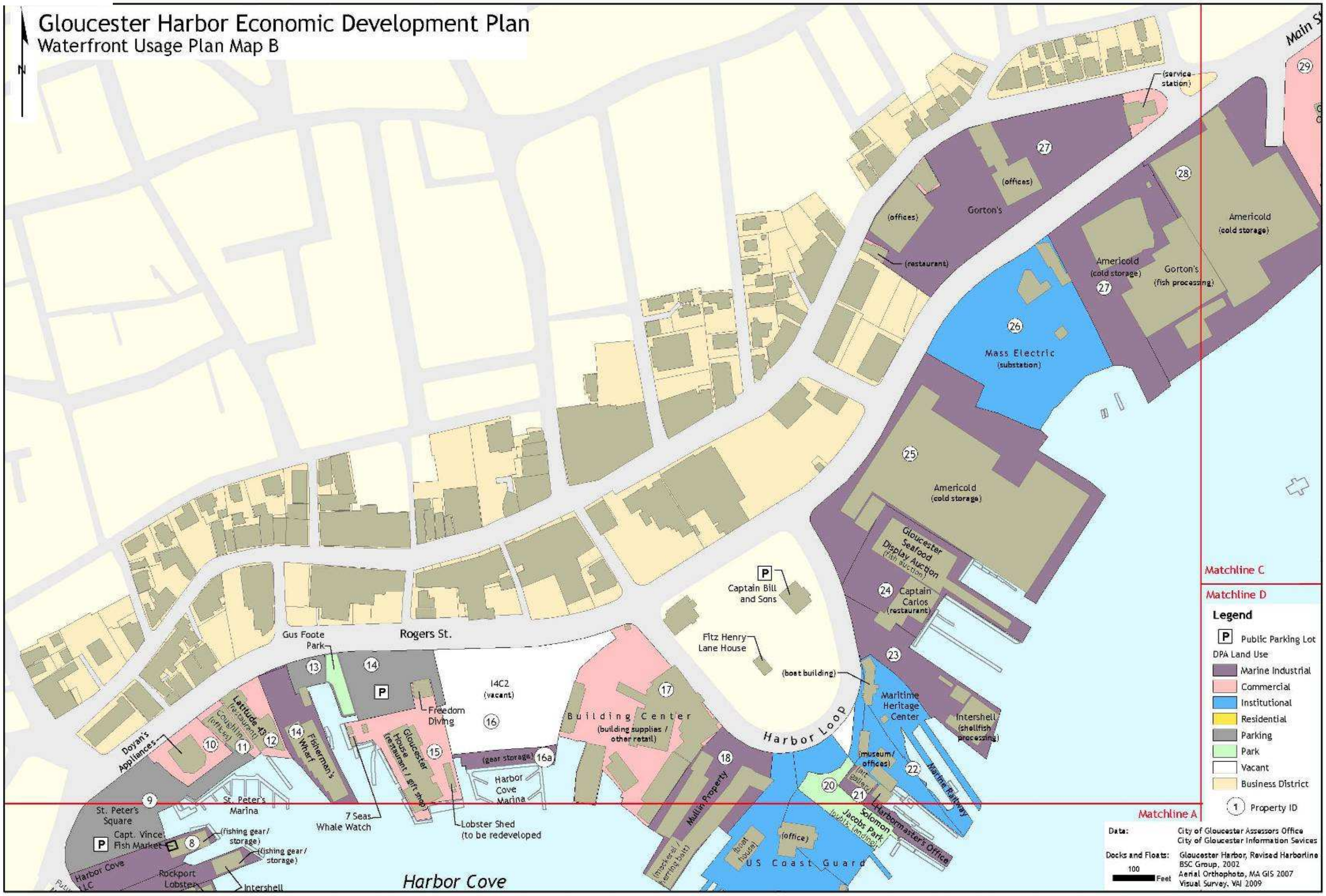
Table 3: Land Area and Building Space by Use, Gloucester Designated Port Area

	Land Area Acres	Percent	Building Square Feet	Percent
Total All Uses	102.3		1,505,725	
Industrial	53.4	52.2%	1,118,531	74.3%
Dockyard/Marina	12.1	11.8%	52,622	3.5%
Vacant	6.5	6.4%	0	0.0%
Office	5.8	5.7%	143,656	9.5%
Restaurant/Club	5.2	5.0%	59,036	3.9%
Parking	3.6	3.6%	0	0.0%
Residential	3.6	3.5%	64,578	4.3%
Retail	3.5	3.4%	36,449	2.4%
Government	3.1	3.1%	2,620	0.2%
Institutional	2.8	2.7%	28,233	1.9%
Public Parkland	2.7	2.7%	0	0.0%
	102.3	100.1%	1,505,725	100.0%

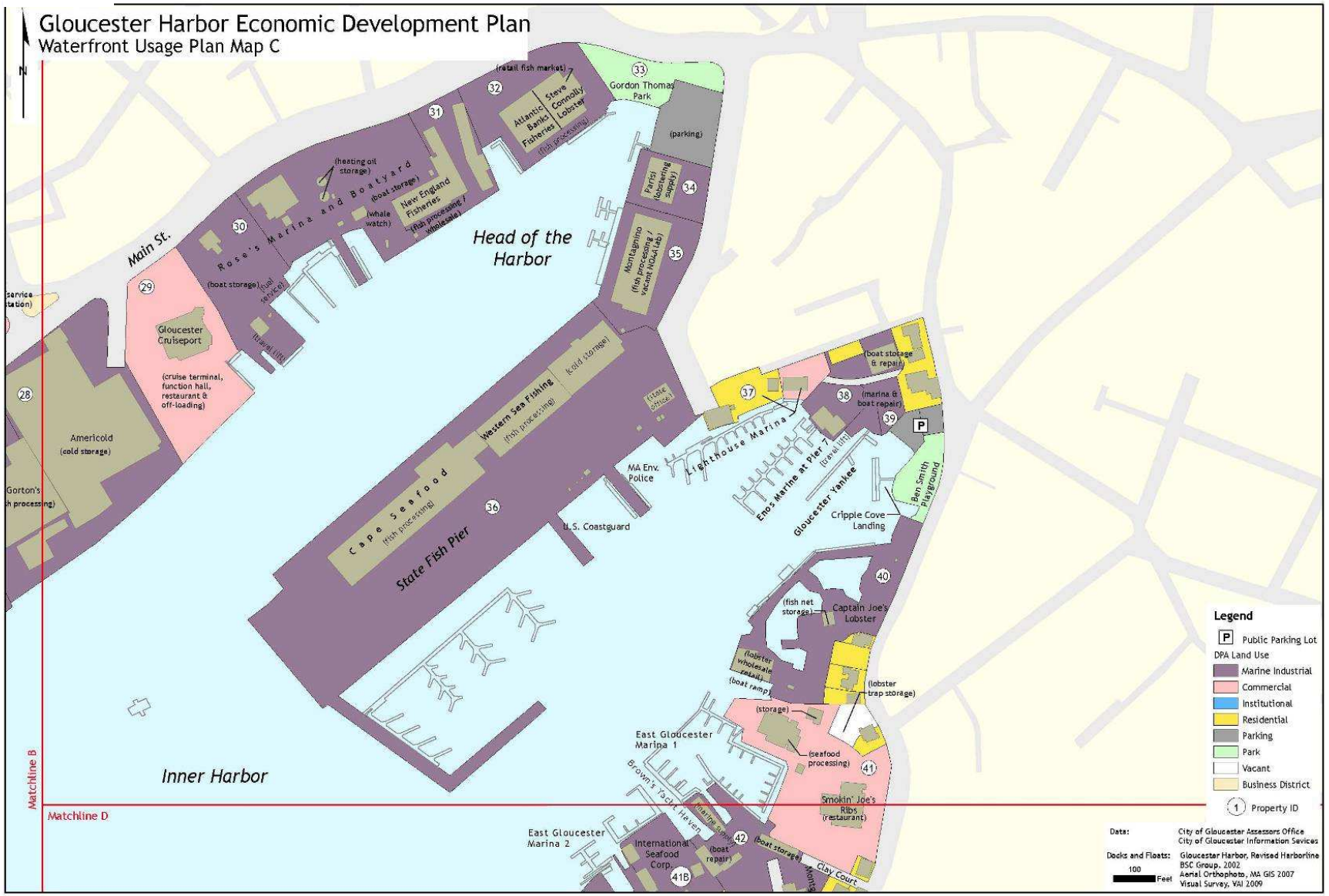
Map 4:


Gloucester Harbor Economic Development Plan
Waterfront Usage Plan Map A
N
Matchline C
Matchline D
Matchline B
Rogers St.
Gus Foote Park
I4C2 (vacant)
Freedom Diving
Building Center (building supplies / other retail)
Captain Bill and Sons
Fitz Henry Lane House
(boat building)
Harbor Loop
Captain Carlos (restaurant)
Maritime Heritage Center
Intershell (shellfish processing)
Marine Railway
(museum/ offices)
Solomon Jacobs Park (public landing)
Harbormaster's Office
Mullin Property
(mackerel / herring bait)
(boat house)
(office)
US Coast Guard
(helicopter pad)
Doyan's Appliances
Latitude 43 (restaurant)
Coughlin (offices)
Fisherman's Wharf
Gloucester House (restaurant / gift shop)
(gear storage)
Harbor Cove Marina
Lobster Shed (to be redeveloped)
7 Seas Whale Watch
St. Peter's Marina
St. Peter's Square
Capt. Vince Fish Market
(fishing gear / storage)
(fishing gear / storage)
Harbor Cove LLC
Rockport Lobster
Intershell (lobsters)
Future Fish Market (retail)
(vacant?)
Mortillaro (lobsters)
Neptune Marine
Felicia Oil
Commercial St.
North Atlantic Fish (fish processing)
Ocean Crest
Cape Pond Ice (ice plant)
(marine fuel, heating oil wholesale)
(fish processing/ fertalizer)
Harbor Cove
Western Harbor
Fort Point
Fort Park
Gloucester Harbor
Rocky Neck
Gloucester Marine Railway
Legend
Public Parking Lot
DPA Land Use
Marine Industrial
Commercial
Institutional
Residential
Parking
Park
Vacant
Business District
Property ID
Data: City of Gloucester Assessors Office
City of Gloucester Information Services
Docks and Floats: Gloucester Harbor, Revised Harborline
BSC Group, 2002
Aerial Orthophoto, MA GIS 2007
Visual Survey, VAI 2009
100 Feet

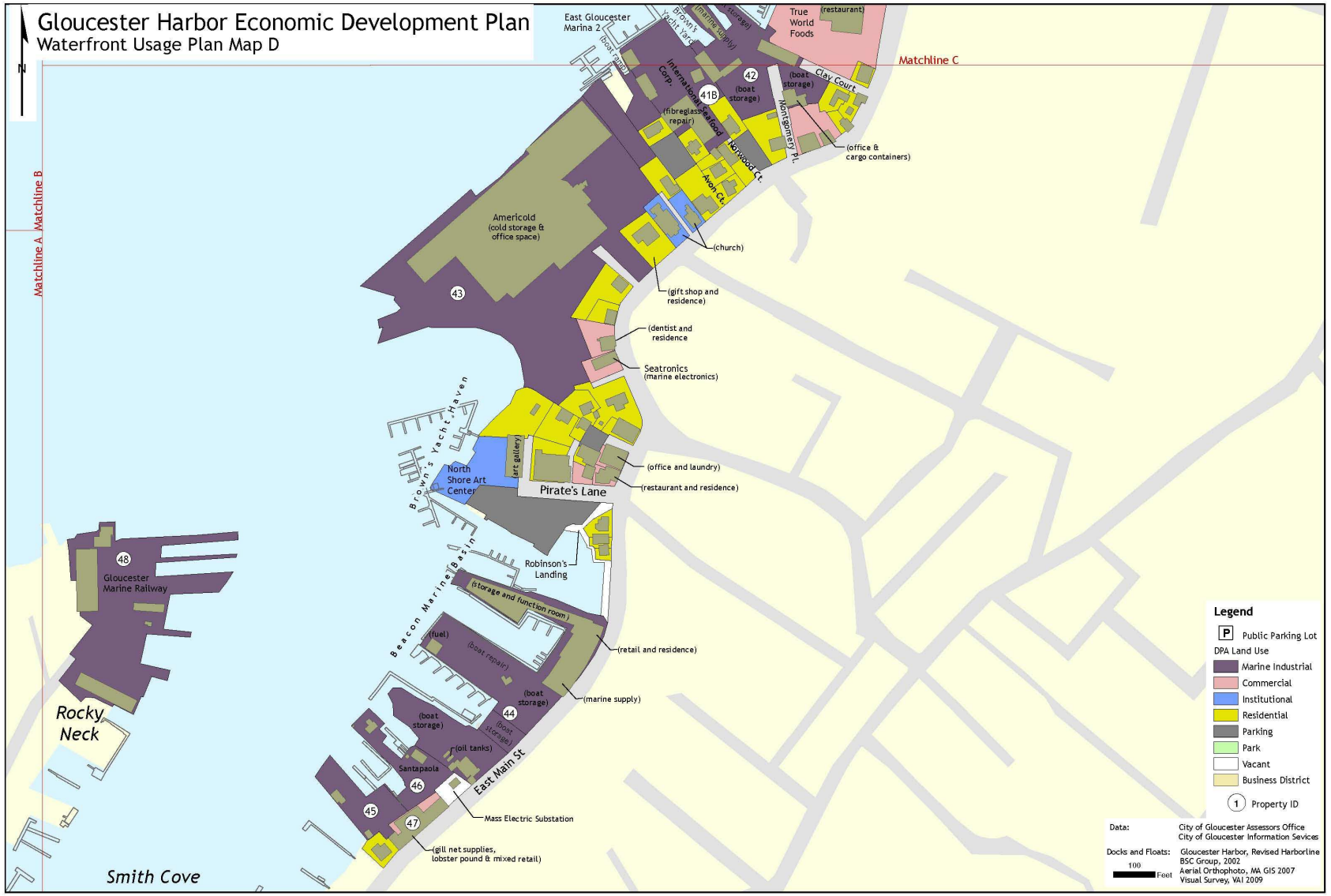
Map 5:


Gloucester Harbor Economic Development Plan
Waterfront Usage Plan Map B
Rogers St.
Harbor Loop
Harbor Cove
Main St
Gorton's
Americold (cold storage)
Gorton's (fish processing)
Mass Electric (substation)
Gloucester Seafood Display Auction (fish auction)
Captain Carlos (restaurant)
Captain Bill and Sons
Fitz Henry Lane House
I4C2 (vacant)
Building Center (building supplies / other retail)
Maritime Heritage Center
Intershell (shellfish processing)
Marine Railway
Harbormaster's Office
Solomon Jacobs Park (public landing)
US Coast Guard
Mullin Property
Freedom Diving
Harbor Cove Marina
Lobster Shed (to be redeveloped)
7 Seas Whale Watch
St. Peter's Marina
St. Peter's Square
Capt. Vince Fish Market
Harbor Cove LLC
Rockport Lobster
Intershell
Doyan's Appliances
Gus Foote Park
Matchline A
Matchline C
Matchline D
Legend
Public Parking Lot
DPA Land Use
Marine Industrial
Commercial
Institutional
Residential
Parking
Park
Vacant
Business District
Property ID
Data: City of Gloucester Assessors Office
City of Gloucester Information Sevices
Docks and Floats: Gloucester Harbor, Revised Harborline
BSC Group, 2002
Aerial Orthophoto, MA GIS 2007
Visual Survey, VAI 2009
100 Feet

Map 6:


Gloucester Harbor Economic Development Plan
Waterfront Usage Plan Map C
N
Main St.
Head of the Harbor
Inner Harbor
Matchline B
Matchline D
Gordon Thomas Park
(parking)
Atlantic Banks Fisheries
Steve Connolly Lobster
(retail fish market)
(fish processing)
Rose's Marina and Boatyard
(heating oil storage)
(boat storage)
(whale watch)
New England Fisheries
(fish processing / wholesale)
Parisi (lobstering supply)
Montagnino
(fish processing / vacant NOAA lab)
Gloucester Cruiseport
(cruise terminal, function hall, restaurant & off-loading)
(boat storage)
(fuel service)
(travel lift)
Americold
(cold storage)
Gorton's
(fish processing)
Western Sea Fishing
(fish processing)
(cold storage)
(state offices)
Cape Seafood
(fish processing)
State Fish Pier
MA Env. Police
U.S. Coastguard
Lighthouse Marina
(boat storage & repair)
(marina & boat repair)
(travel lift)
Enos Marine at Pier 7
Gloucester Yankee
Ben Smith Playground
Cripple Cove Landing
(fish net storage)
Captain Joe's Lobster
(lobster wholesale / retail)
(boat ramp)
(lobster trap storage)
(storage)
(seafood processing)
East Gloucester Marina 1
Brown's Yacht Haven
Smokin' Joe's Ribs (restaurant)
East Gloucester Marina 2
International Seafood Corp.
(boat repair)
(boat storage)
Clay Court
Legend
Public Parking Lot
DPA Land Use
Marine Industrial
Commercial
Institutional
Residential
Parking
Park
Vacant
Business District
Property ID
Data:
City of Gloucester Assessors Office
City of Gloucester Information Sevices
Docks and Floats:
Gloucester Harbor, Revised Harborline
BSC Group, 2002
Aerial Orthophoto, MA GIS 2007
Visual Survey, VAI 2009
100
Feet

Map 7:


Gloucester Harbor Economic Development Plan
Waterfront Usage Plan Map D
N
East Gloucester Marina 2
(boat repair)
Brown's Yacht Yard
(marine supply)
(storage)
True World Foods
(restaurant)
Matchline C
Matchline A
Matchline B
International Seafood Corp.
41B
42
(boat storage)
(fibreglass repair)
Clay Court
Montgomery Pl.
Hemlock Ct.
Avon Ct.
(office & cargo containers)
Americold (cold storage & office space)
43
(church)
(gift shop and residence)
(dentist and residence
Seatronics (marine electronics)
Brown's Yacht Haven
North Shore Art Center
(art gallery)
Pirate's Lane
(office and laundry)
(restaurant and residence)
48
Gloucester Marine Railway
Robinson's Landing
Beacon Marine Basin
(storage and function room)
(fuel)
(boat repair)
(retail and residence)
(boat storage)
(marine supply)
44
(boat storage)
(boat storage)
(oil tanks)
Santapaola
46
East Main St.
45
47
Mass Electric Substation
(gill net supplies, lobster pound & mixed retail)
Rocky Neck
Smith Cove
Legend
Public Parking Lot
DPA Land Use
Marine Industrial
Commercial
Institutional
Residential
Parking
Park
Vacant
Business District
Property ID
Data:
City of Gloucester Assessors Office
City of Gloucester Information Sevices
Docks and Floats:
Gloucester Harbor, Revised Harborline BSC Group, 2002
Aerial Orthophoto, MA GIS 2007
Visual Survey, VAI 2009
100
Feet

The waterfront contains a considerable amount of underutilized property. Over six percent of the land in the harbor portion of the study area totaling 6.5 acres is vacant. The largest is the city-owned I4 C2 property, covering about 1.9 acres. Two other privately-owned vacant parcels are about one acre in size, with most of the rest one half acre in size or less. This figure does not include parcels with some uses, but large unused or underutilized portions. Thus, the inventory of potential land for new investment is larger. For the purpose of identifying underutilized properties, those parcels that have structures that occupy less than 25 percent of the property are considered underutilized. (See Map 8.)

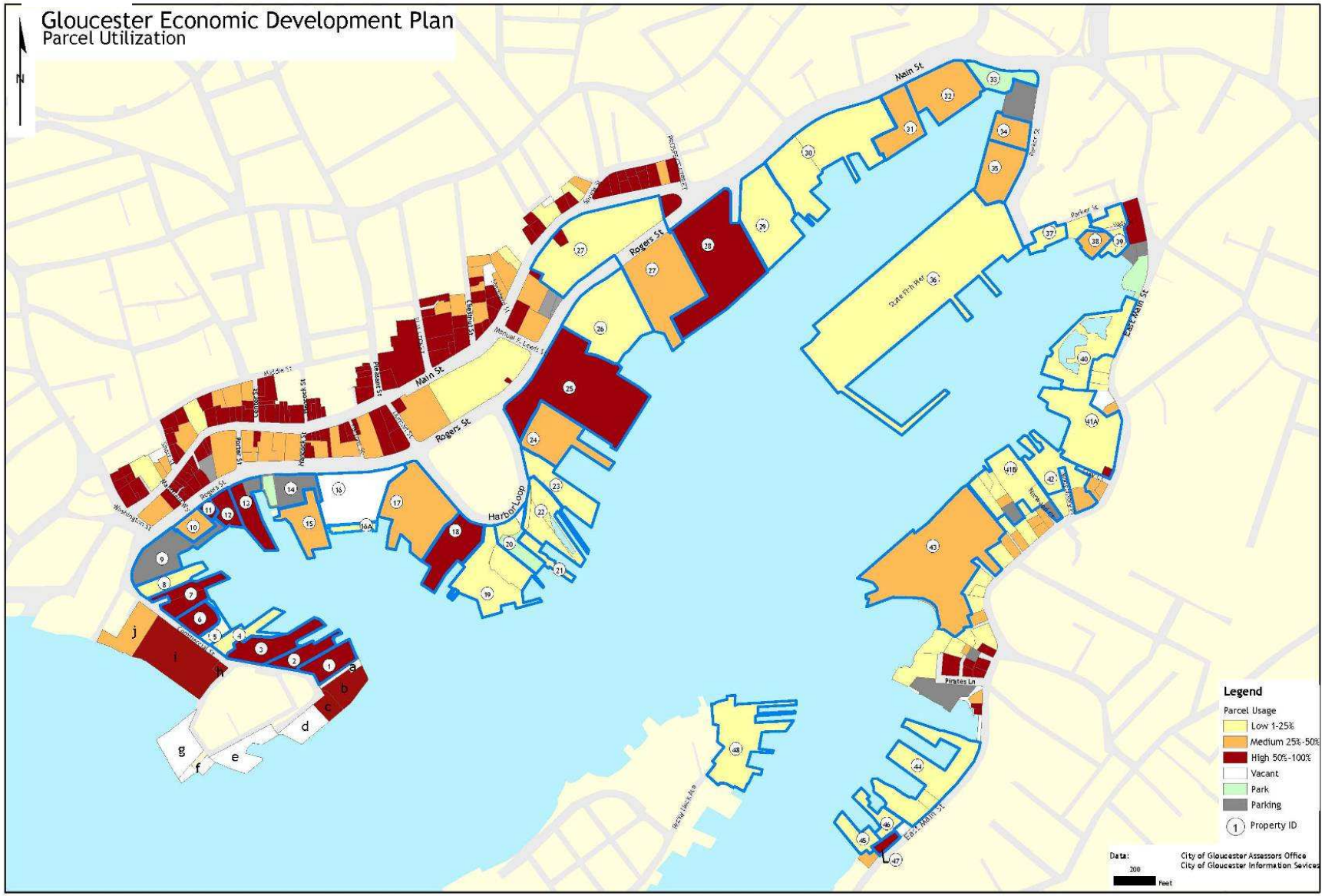
The assessor's data do not track building vacancy (vacant buildings or vacant space within partially occupied buildings). Vacant space within buildings in the harbor area was approximated from discussions with waterfront property owners and realtors to review the status of waterfront properties. Owners were asked about the amount of building space that was vacant and could be used by another business or organization, and the condition of the vacant space. Information was obtained from 15 of the 18 owners contacted so the information is close to complete. It should be noted that this information does not indicate space that owners report as being used, but for which the intensity or value of use is low, such as storage.

Based on this data, nine buildings in the harbor part of the study area have approximately 141,000 square feet of space available for other businesses or uses through sale or lease.[3] This represents 9.4 percent of the total building space in the harbor portion of the study area. Most of this space is in three buildings — Cape Pond Ice, the Birdseye property, and 108-110 Commercial Street – with existing vacant and/or available space ranging from about 33,000 to 49,000 square feet. Three properties have vacant space in the 4,000 to 6,000 square-foot range, and the remaining three have smaller amounts that vary from 900 to 2,400 square feet. (See Table 4.)

Cape Pond Ice

[3] Accounting for the three properties for which owners could not be contacted might add at most another 10,000 to 15,000 square feet, or between 1 and 2 percent.

Map 8:


Gloucester Economic Development Plan
Parcel Utilization
N
Main St
Rogers St
Harbor Loop
East Main St
Pirates Ln
Legend
Parcel Usage
Low 1-25%
Medium 25%-50%
High 50%-100%
Vacant
Park
Parking
Property ID
Data:
City of Gloucester Assessors Office
City of Gloucester Information Sevices
200
Feet

The largest concentration of vacant or available space is in the Commercial Street/St. Peter's Square area, with about 125,000 square feet. The remaining properties are scattered between Harbor Loop, Parker Street, East Main Street, and Rocky Neck Avenue. (See Table 4.)

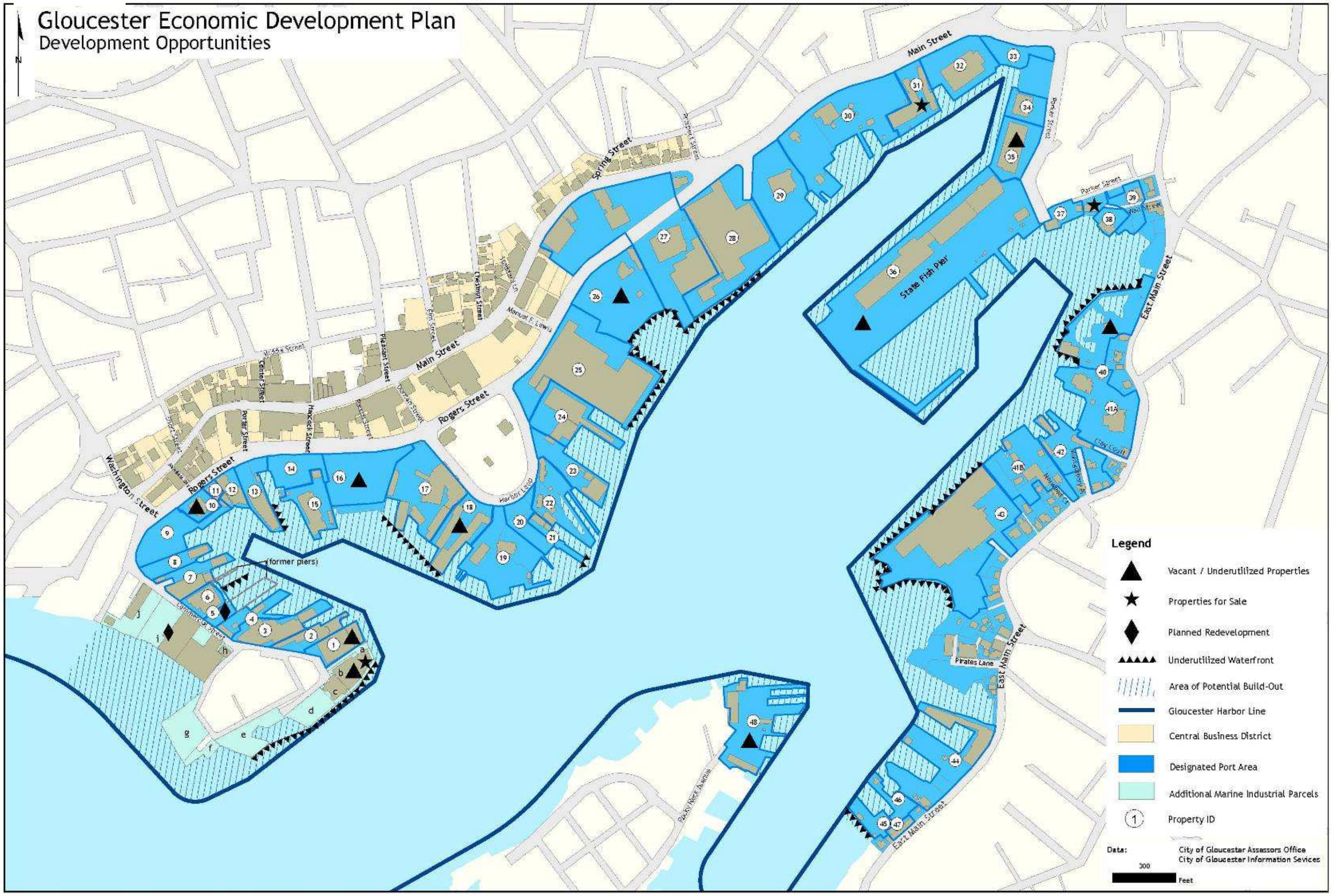
Table 4: Estimated Vacant and For-Sale Building Space in Study Area, Fall 2010

Address	Description	Building Square Feet	Comments
44 Commercial Street	Mac Bell Property	4,000	Industrial space – seafood processing
47 Commercial Street	Birdseye Building	48,800	Proposed for 300,000 square foot mixed-use development
104 Commercial Street	Cape Pond Ice	39,200	Good condition, includes 12,000-square-foot freezer
108-110 Commercial Street	Parisi Property	33,100	Industrial space – seafood processing
11 Harbor Loop	Mullin Property	6,000	3,000 square feet finished office space, 3,000 square feet unfinished
11 to 15 Parker Street	Montagnino/Head of the Harbor	5,000	2nd story office space; good condition
95 East Main Street	Captain Joe's Lobster	900	Industrial shell, unheated Willing to relocate, which would make 25,000 square feet available
81 Rocky Neck Avenue	Gloucester Marine Railway	2,400	1/2 of Main Building needs improvements, not insulated
7 Parker Street	Mathew Parisi Property	1,600	2nd story office space; good condition
Total Square Feet		141,000	
Source: Interviews with property owners and MLS listing, 2010			

There are also a number of buildings with vacant space just outside the study area. No effort was made to identify and inventory all of these properties. They include four properties for sale or lease with another 35,000 square feet on Commercial Street, East Main Street, and Parker Street.

Map 9 on the following page provides a visual summary of development opportunities presented by vacant and underutilized properties in the harbor area.

Map 9:


Gloucester Economic Development Plan
Development Opportunities
N
Main Street
Spring Street
Rogers Street
Washington Street
Harbor Loop
State Fish Pier
Parker Street
East Main Street
Pirates Lane
Rocky Neck Avenue
(former piers)
Legend
Vacant / Underutilized Properties
Properties for Sale
Planned Redevelopment
Underutilized Waterfront
Area of Potential Build-Out
Gloucester Harbor Line
Central Business District
Designated Port Area
Additional Marine Industrial Parcels
Property ID
Data:
City of Gloucestar Assessors Office
City of Gloucestar Information Sevices
300
Feet

Longer-term Opportunities and Challenges

Gloucester faces a range of real estate needs to support its vision for the harbor area and to capitalize on the opportunities to sustain and grow its existing visitor and commercial fishing sectors while nurturing the emerging maritime industries. Its current supply of vacant space and buildings offered for sale within the DPA is sufficient to address most of these needs, with several buildings having sizable vacant space in good condition.

Several real estate uses likely will be driven by private sector firms or developers, although some public incentives or gap financing may be needed along with a supportive regulatory environment. These include hotel development, recreational boating dockage, fish processing facilities, and professional business offices. Other uses are unlikely to provide sufficient investment returns, but are important to address long-term economic development needs. These uses will require public sector leadership and financing and may need to be owned and operated by a public or nonprofit organization. Examples include marine research and education facilities, a marine research and/or marine technology business incubator, a commercial fishing training center, and dedicated commercial fishing dockage.

Real Estate Demand

Commercial Fishing Industry. Despite the industry contraction and uncertainty about its future structure and growth, several real estate needs emerged to support the retention and long-term health of Gloucester's fishing industry. The first and most pressing need is for expanded dockage dedicated to fishing vessels. Dockage needs include:

1. permanent berths for Gloucester home port vessels, especially larger ships over 70 feet;
2. short-term berths for boats with home ports outside Gloucester; and
3. transient dockage for on- and off-loading of ships.

A second need is to retain or establish a modern boat repair facility that complies with current environmental regulations, especially one serving larger vessels. This function is now provided by the Gloucester Marine Railway, but its facilities do not meet environmental standards. Third, with the aging of the industry's current workforce, there is a need to train a new generation of fishing industry workers equipped to work under new regulations and with more advanced equipment. A specialized training center equipped to train workers on new equipment and technology could address this need. Finally, there may be opportunities for new fish processing facilities on the harbor if fish harvesting increases, or if there is expansion of markets for specific species or byproducts, or both. This need is the most uncertain at this time given the state of the industry and is likely to be driven by market opportunities and investment by specific businesses.

Visitor Economy. Two real estate needs were identified to support the development of Gloucester's visitor economy. The first is a new hotel close to the waterfront to provide visitor access to waterfront activities and take advantage of the scenic attractions, history, and activities

that are central to drawing visitors to Gloucester. A second need is for facilities to support access and use of the Gloucester waterfront by transient recreational boaters.

Maritime Industries. Five real estate needs were identified for this sector, some of which apply to a specific enterprise and others that are relevant across difference users:

1. **Institutional marine research facilities.** Researchers at a number of universities are conducting marine research in Gloucester or have expressed interest in doing so. They indicated a need for specialized facilities to support this research, which vary by project and include: (1) a harbor/waterfront location to hire vessels and collect samples; (2) a laboratory to analyze samples; and (3) a facility to test autonomous underwater vehicles with piers with minimal depth of three to four feet, electric service, a small crane, and 500 square feet of building space. Gloucester's waterfront currently lacks a building dedicated to marine research that can address these needs and that could serve to house and attract additional research activities.
2. **Marine educational facilities.** A number of organizations are involved in marine-related education or have expressed interest in establishing programs in Gloucester, including some of the same institutions conducting marine research. The potential for a marine education facility is suggested by North Shore Community College's proposal for a Marine Technology Center to provide academic, vocational, and professional courses, to undertake curriculum development for middle and high school classes and programs, and to provide more general adult education and workforce training. An education center would require modern classrooms with internet access and good audio-visual facilities, specialized laboratory and workshop classrooms, and office space for administration and curriculum development activities.
3. **Professional office space** for consulting, creative economy, and other professional firms.
4. **Facilities for private-sector marine research and technology firms.** Gloucester Harbor is home to the corporate offices of one such firm, Free Flow Power, a designer and producer of hydrokinetic turbines located on Commercial Street just outside the DPA.
5. **A facility to house advanced small craft boat building.**

Although each of these real estate needs could be addressed in separate buildings, uses required by the first four — research/laboratory space, education facilities, office space, and small-scale production space — could also be incorporated into a single multiuse and multitenant facility. Combining these uses in one building could increase the visibility of these activities and promote interaction and collaboration across tenant firms, researchers, and educational organizations.

To better understand the real estate needs and location factors for firms in the marine research and technology sector, interviews were conducted with a dozen firms that included North Shore firms from a statewide database prepared in 2005 by the University of Massachusetts and the Marine Ocean and Technology Network. Firms were selected to represent the sector's diversity and included instrument and equipment manufacturers, consultants, software firms, and a boat builder. Interviewees fell into four categories:

- small consultancies that operated out of the owner's home or in small amounts of office space;
- equipment manufacturers that required a combination of office and industrial space — some of these required regular or occasional waterfront access to test equipment;
- consultants and research firms that needed regular or occasional vessels for research, data collection, or other activities; and
- consulting firms and sales/distributors that required standard office space.

Most interviewees reported that they did not need a waterfront location or direct waterfront access. However, three firms did rely on waterfront services and access, either on a regular or periodic basis. One company regularly tested its equipment and needed a waterfront location to do this and sought to locate its core facilities close to a testing site. A second firm regularly used vessels for its work and chartered larger vessels as needed for projects at a variety of locations. A third firm needed waterfront facilities and vessels, which it rented on a project basis at appropriate locations.

Firms involved in marine research and consulting viewed Gloucester as a good location due to its port facilities and access to a skilled labor force. One interviewee noted that Gloucester is not well connected to industry associations and networks, which may hamper its visibility as a potential location for marine technology firms or research projects. In terms of location decisions, most firms chose their sites based either on the residence of their owner, proximity to workforce, or proximity to a research university or institute from which they spun off. Approximately one-third of the interviewed firms were spin-offs or linked to a university or research institutes, which suggests that expanding marine research activities in Gloucester is a viable strategy to generate private marine businesses and investment.

Real Estate Supply

From the inventory and interviews with property owners, the location and condition of vacant space in the DPA appears suited to many of the identified real estate needs. These include marine research and educational facilities that might be accommodated at properties with medium to large amounts of space in good condition such as Cape Pond Ice or 11-15 Parker Street. Professional office space for consulting, creative economy, or non-industrial marine technology firms might use improved space at the Mullin Property or 11-15 Parker Street. A modern boat repair facility might be accommodated at either the Gloucester Marine Railway or the International Seafood site in East Gloucester. Seafood processing facilities — a less certain and a longer-term prospect — could be located either at the Cape Pond Ice building or at the two buildings at 417 Main Street and 11-15 Parker Street that now house fish processing and distribution businesses and are near other processors and the State Fish Pier. The I-4 C-2 parcel, recently acquired by the City and centrally located in the heart of the Inner Harbor, could accommodate a range of marine industrial and supporting uses and serve as a major catalyst for surrounding development.

The most challenging needs to address are those that will require regulatory changes (e.g., transient recreational vessel dockage) and those needing a substantial capital investment with uncertain returns (commercial fishing vessel dockage, fish processing, nonprofit research, and education uses). This latter category is likely to require government investment incentives and/or subsidies or, in some cases, direct ownership by public or quasi-public entities.

I-4 C-2 Parcel

Berthing Facilities

Supply

According the 2009 Harbor Plan, Gloucester's Inner Harbor currently contains berthing for about 200+/- commercial vessels and 300+/- recreational vessels ranging from 16 to 140 feet in length.

Jodrey State Fish Pier

The City has two public marinas, St. Peters Marina, which has 14 slips as well as a transient dock, and Harbor Cove Marina, which has 12 slips. Both facilities are primarily used by lobster boats. The Jodrey State Fish Pier contains various berthing facilities accommodating 54 vessels. Private recreational marinas located in East Gloucester also provide some berthing for commercial vessels. Additional berthing capacity is provided as follows:

- rafting can accommodate an additional 50+/- spaces for by medium to large commercial fishing boats;
- 117 mooring buoys in the harbor accommodate 27 commercial and 86 recreational boats; and
- 20 berths in the harbor are dedicated use berths servicing commercial vessels receiving port services such as loading ice and fuel and off-loading fish or receiving/waiting for repair services and 10 government berths.

The Harbor Plan estimates that there is an additional berthing capacity for 100 vessels in the harbor (depending upon the size of vessels) using a combination of rafting and currently

unutilized wharves (e.g., Americold, Gorton's). However, at this time, there are no plans to create any significantly sized berthing facilities for commercial vessels.

The public and private marinas are all in good condition. However, much of the privately-owned docks and wharves are in a state of disrepair and will require significant investment to upgrade to current standards. There are no current plans to improve and/or significantly increase the amount of berthing facilities in the harbor.

Demand

According to the 2009 Harbor Plan and conversations with the harbormaster and others familiar with recreational boating, Gloucester Harbor is at, or very near, its allowable limit for recreational boats. Most, if not all, of the recreational marinas in East Gloucester have long waiting lists. Section 10A permits can be issued for seasonal bottom held moorings in these areas for recreational vessels. The harbormaster maintains a waiting list for moorings that is currently at 600.

There are waiting lists for commercial vessel berths at the publicly-owned marinas and the State Fish Pier, especially for lobster boats. In addition, a considerable number of commercial vessels use private dockage that is not explicitly reserved for commercial fishing vessels, raising questions about its long-term availability. In the longer-term, demand for large berths by commercial fishing vessels may increase as a result of the new sector commercial fishing regulations that are expected to result in a smaller number but larger sized vessels that will stay in port for longer time periods.

PUBLIC INFRASTRUCTURE

The condition of public infrastructure in the harbor area can significantly influence the economic environment. Investments in public infrastructure such as water and sewer facilities, pedestrian walkways, parking facilities, and navigation channels can serve to catalyze private investments. This section of the report describes the status of key public infrastructure and identifies public investments that may be required to support harbor economic development.

Water and Sewer

Gloucester Harbor is well serviced by public infrastructure such as water, sewer, and storm drain lines. As with many older communities, the City's storm drainage and sanitary sewer system includes combined sewer outfalls (CSOs) that discharge combined flows directly into the harbor during storm events. The City has been separating these lines over the past several years in accordance with its $40 million Long Term CSO Control Plan. There are presently only a few active CSOs that discharge into the harbor. These lines are expected to be eliminated over the next several years.

While the utility lines and services are adequate in the study area, the City's wastewater treatment system is at capacity and in need of significant upgrades. The City has two water treatment plants, the Babson Reservoir plant and the West Gloucester plant, and operates these facilities on different seasonal schedules, with the West Gloucester plant turned off in April and the Babson plant in September.

Water and sewer costs are a potential constraint on development. The City's 2009 water rate of $7.83/1000 gallons equates to an annual cost of $705, 65 percent above the average statewide cost of $426 per household[4]. Its 2009 sewer rate of $12.09/1000 gallons equates to an annual cost of $1,088 per household, 86 percent above the average statewide cost of $584 per household. These costs are attributed to charging ratepayers for the cost of facility improvements such as the City's combined sewer overflow project. Because of these high costs, business owners whose operations rely on high volumes of water are at a competitive disadvantage to similar companies in other communities that have lower rates.

In addition, because of limitations to the City's sewer system, uses such as seafood processing that require a high level of wastewater treatment must provide their own private wastewater treatment plants that, depending upon the cost and whether or not a shared facility can be constructed, may pose a limiting factor for future development of such uses.

Parking and Traffic

There are several off-street private and public parking lots located in the downtown and adjacent waterfront area. Public parking lots in the area include St. Peter's Square, the parking lot north of the Gloucester House restaurant, and the lot at Harbor Loop Road. Private parking lots are concentrated along the north side of Rogers Street with a few located on Main Street. The State Fish Pier also contains a large surface parking area. According to various reports, existing parking facilities are insufficient to accommodate increased demand during tourist season.

There are no traffic signals in the study area. Passenger vehicle traffic increases during tourist season and is of concern to the city. Truck and bus traffic are also of concern during the tourist season as such traffic poses pedestrian safety issues, increases congestion, and also consumes

[4] Source: Tighe & Bond 2009 water rate survey. See http://rates.tighebond.com/(S(sox2n545frbvofnbo2wfcl45))/ma_overview.aspx. To undertake the comparative rate analysis, the survey assumed an annual consumption of 90,000 gallons (120 hundred cubic feet).

precious parking spots. Possible solutions to seasonal traffic issues include providing satellite parking outside the study area, land- and/or water-based shuttles, or other services such as pedicabs.

Pedestrian Walkways

Portions of Main, Rogers, and Pleasant streets have recently been repaved and new sidewalks installed along portions of Main Street. The condition and pavement treatment of sidewalks varies throughout the study area and there is need for improvement in the Harbor Cove area, particularly along Commercial Street and in East Gloucester, as well as other locations. The City has been installing bulb outs along the intersections in Main Street, which has improved pedestrian safety and enhanced the visual character of the streetscape.

View of Commercial Street

Pedestrian circulation through the harbor is stalled by a lack of pedestrian access at a number of points. Creating continuous public access is complicated by the existence of active marine industrial uses. (See Map 10 on the following page.) There are a few areas that have been improved with a "harborwalk." One area is a harborwalk that extends from the Bell property on Commercial Street easterly along the quay through St. Peters Park to the Latitude 43 restaurant where it terminates on Rogers Street. A short distance east of Latitude 43, another section of harborwalk extends from Rogers Street through Gus Foote Park where it terminates at the water's edge. A third section extends from Harbor Loop Road through Solomon Jacobs Park.

Existing Section of Harborwalk

These three sections of harborwalk provide public access to only a very small amount of the waterfront and represent just over 1 percent of the existing shoreline extending from Cape Pond Ice to the Gloucester Maritime Heritage Center. The Fort Playground also contains a harborwalk along its westerly side facing Pavilion Beach.

Map 10:


Gloucester Harbor Economic Development Plan
Downtown / Harbor Connections
Opportunities and Constraints
Flanagan Square Gateway
Cruiseport
State Fish Pier
Access Prohibited
Active Electric Substation
No South Western Outlet Access Prohibited
Active Berthing/Offloading
Active Berthing and Marine Activities
Solomon Jacobs Park
USCG Security Issues
Harbor Cove
No Existing Physical Access
Active Berthing/Offloading
Buildings at Waters Edge
Active Berthing/Loading Docks/Buildings at Waters Edge
Truck Traffic
Poor Sidewalks
Steep Grade Differential
Gloucester City Hall
Cape Ann Museum
Sargent Gillman House
Police Station
Gloucester Seafood Auction
Maritime Heritage Center
Fitz Hugh Lane House
Gus Foote Park
St. Peter's Square
Washington Street Gateway
Cape Pond Ice
The Fort
Fort Square
Fort Park
Pavilion Beach
Beach Court
No Sidewalks
Commercial Street
Middle Street
Main Street
Rogers Street
Spring Street
Washington Street
Legend
Downtown Heritage Trail
Vessel View Trail
Harbor Walk
Existing Connection
Potential Connection
Waterfront View (Gillham Gander Report)
Harbor View (Gillham Gander Report)
View Point
Limited Access Area
Parking Lot
Public Parking
Facility Tours
Public Landing
Park/ Public Space
Beach
Cultural / Institutional
Data: City of Gloucester Assessors Office
City of Gloucester Information Sevices
200
Feet

While there are some constraints to creating a continuous harborwalk along the shoreline, such as the presence of active berthing and/or marine industrial uses or security issues, there is opportunity to greatly expand the harborwalk in the Harbor Cove area, providing a significant public access resource for residents, employees, and visitors.

Navigation Channels

Gloucester Harbor is well serviced by federally-authorized navigation channels. The authorized depths of the channels include:

- 18-foot channel servicing Harbor Cove;
- 20-foot channel, North Channel, servicing the Head of the Harbor and the north face of State Fish Pier; and
- 20-foot channel servicing the south side of the State Fish Pier and East Gloucester.

The operating depths of the channels are less than the authorized depths (14 feet, Harbor Cove; 16 feet, North Channel; and 17 feet, South Channel). The harbormaster also reserves informal channel access to the marinas in southeastern East Gloucester. As noted in the Harbor Plan and other studies, in 1995, the U.S. Army Corps of Engineers concluded that based on the existing vessel usage of the harbor that maintenance dredging of the federal channels to the authorized depths could not be economically justified.[5]

Navigation improvements to Gloucester Harbor have been undertaken or are planned to be undertaken in the near future, including the removal of navigation hazards, rocks, and other debris from the main shipping channel that was done in 2006 and the dredging to 18-and-a-half feet of the North Channel on the north side of the State Fish Pier that is currently being permitted. There are also areas where low water and/or pile fields preclude or constrain the ability to create and/or enhance berthing, including the area fronting Mass Electric, Head of the Harbor, Cripple Cove, Robinsons Landing, and Americold's East Gloucester property.

The Annisquam River channel is outside the harbor but an important gateway for transient recreational vessels. Part of the Federal Intercoastal Waterway, it is required to be kept to a depth of eight feet at mean low water, but is now at only three to four feet, shutting off this route to larger vessels. The City has been petitioning the Corps of Engineers for several years and is currently working with the area's congressional delegation to obtain federal funding.

[5] City of Gloucester Harbor Plan and Designated Port Area Master Plan, July 2009, p. 23.

REGULATORY ENVIRONMENT

Land use and environmental regulation strongly influence the types of development that can occur in Gloucester Harbor. The regulatory environment for development within the harbor area is very complex. There are various local, state, and federal regulations that control land and water usage as well as regulations that also impose dimensional standards for properties located in the harbor area. This section of the report describes the key regulatory programs and review processes that must be factored into harbor economic development efforts.

Local Regulation

Zoning

The waterside of the study area is primarily zoned Marine Industrial (MI) with a small portion of East Main Street zoned as Neighborhood Business. The downtown area is zoned as Central Business. Map 11 on the following page depicts the local zoning districts within the study area.

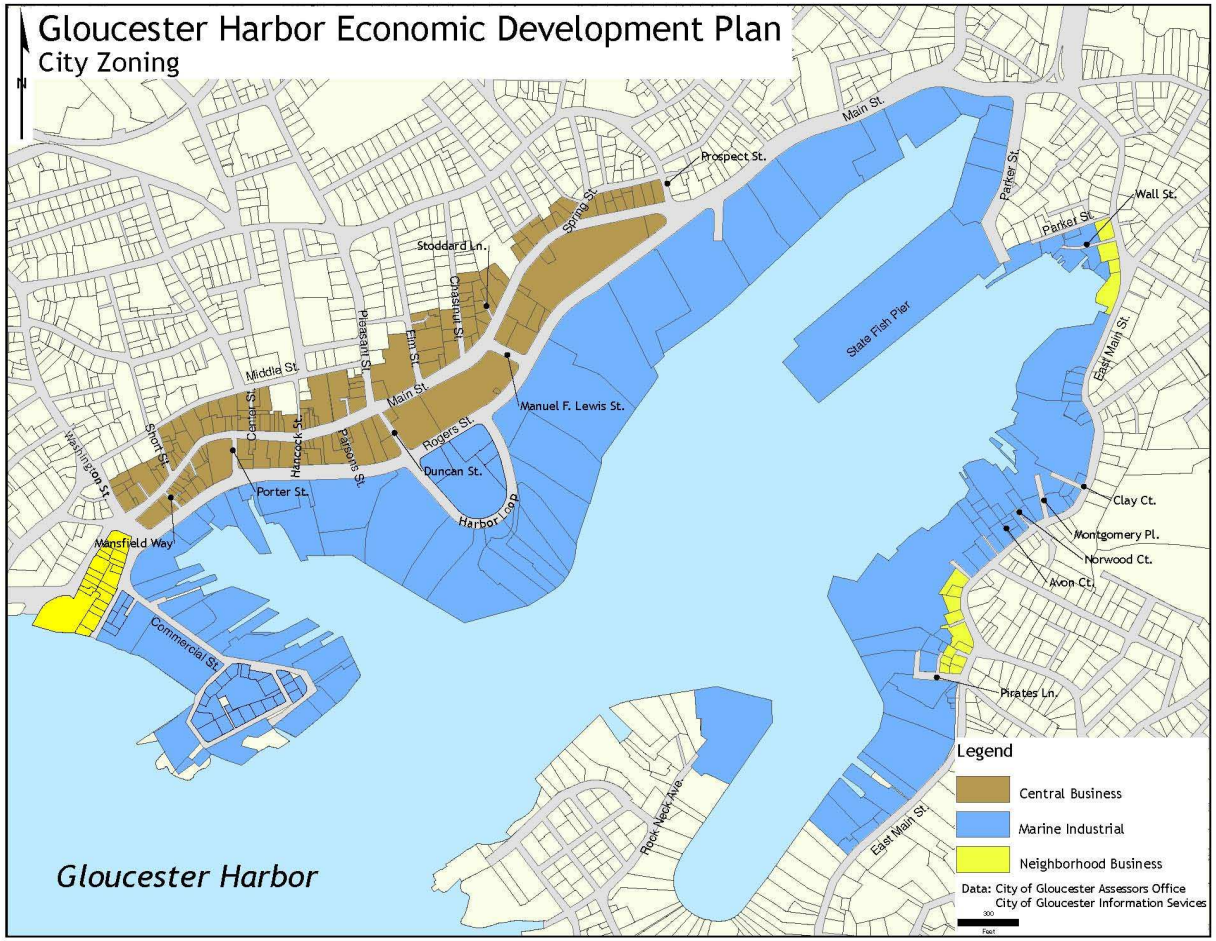
The land use provisions of the Marine Industrial Zoning District, similar to the state regulations governing Designated Port Areas (see discussion below), were designed to protect and promote existing and future marine industrial uses in the harbor. While the MI District is one of the most permissive zoning districts in the city, a wide variety of uses within the District require special permits. Such uses include, among others, boat launching and docking structures, marine-related services, vessel storage and repair facilities, transportation terminals, and restaurants. Most of the special permits are under the jurisdiction of the City Council and a few are under the Zoning Board of Appeals.

Prohibited uses are the same as those prohibited in State-designated DPAs and include residences, hotels, and recreational marinas. The Marine Industrial Zoning does allow limited boarding/guest housing. Some uses that are only allowed as a Supporting Use under DPA regulations such as restaurants, banks, and shopping centers, are allowed in the MI District.

For projects located within 200 feet of the water's edge, the regulations require that special permit granting authority to give due consideration to the factors listed below to ensure that such development is appropriately conditioned to ensure that no adverse affects on the "primary character of the area as a working waterfront" result:[6]

[6] These requirements are in addition to other requirements for special permits outlined in sections 1.8.3, 1.8.4, and 5.18 of the zoning ordinance.

Map 11:


Gloucester Harbor Economic Development Plan
City Zoning
N
Main St.
Prospect St.
Spring St.
Stoddard Ln.
Chestnut St.
Pleasant St.
Elm St.
Middle St.
Main St.
Manuel F. Lewis St.
Rogers St.
Duncan St.
Harbor Loop
Central St.
Hancock St.
Parsons St.
Short St.
Washington St.
Porter St.
Mansfield Way
Commercial St.
Parker St.
Wall St.
Parker St.
State Fish Pier
East Main St.
Clay Ct.
Montgomery Pl.
Norwood Ct.
Avon Ct.
Pirates Ln.
Rock Neck Ave.
East Main St.
Gloucester Harbor
Legend
Central Business
Marine Industrial
Neighborhood Business
Data: City of Gloucester Assessors Office
City of Gloucester Information Sevices
300
Feet

1. The proposed use will not displace an existing water-dependent use with a non water-dependent use.
2. The proposed use will not, by virtue of its location, scale, duration, operation, or other aspects, pre-empt or interfere with existing or future development of water-dependent uses of the project site or surrounding property.
3. The proposed use is compatible with the working waterfront character of the zone.
4. The proposed project will not displace existing commercial fishing vessel berthing in Gloucester Harbor, without providing equivalent space and draft at a suitable alternative site not already used by commercial fishing vessels.
5. The proposed use will not adversely affect the preservation of water-dependent uses on surrounding properties.

The Central Business District Zone allows uses that are typical of those found in local downtown areas, including retail, business, residential, office, and institutional. The Neighborhood Business District allows various retail businesses that support the adjacent residential neighborhoods.

Site Plan Review

The City recently adopted Site Plan Review as suggested in the recently adopted Harbor Plan/Designated Port Area Master Plan as a means to ensure that development projects comply with the DPA Master Plan provisions. As suggested in the Plan, Site Plan Review does not replace the role of special permits, but is rather an administrative process that primarily enables the 50 percent Supporting Uses in the DPA with a side benefit of giving property owners assistance and support for their State Chapter 91 licensing process. (See State Regulation section below.) Site Plan Review requires administrative review by the City Planner and approval from the Planning Board, but is intended only to condition, not deny, applications. While it does not require a public hearing and the Planning Board approval is not "appealable," it does add another step in the development review process. At the same time, such review is expected to decrease the amount of review during the subsequent City Council/Zoning Board of Appeals special permit process because many of the design and site layout features of the project will have been resolved during Site Plan Review.

Waterways Regulations

The City of Gloucester waterways regulations specify procedures for securing moorings and utilizing the City boat ramps and public landings. The regulations are promulgated by the Waterways Board and enforced by the harbormaster. The regulations require permits from the harbormaster for mooring/anchoring vessels or floats in the harbor. The harbormaster oversees the City's public mooring fields and has the authority to assign moorings and maintain waiting lists on a first come/first serve basis. Moorings are prohibited in navigational channels or other locations where the public's rights to fishing, fowling, and navigating on tidelands would be impeded. The harbormaster is also authorized to assign transient moorings for temporary use by visiting vessels for a period not to exceed 14 days. Gloucester Harbor has a designated

anchorage area located between the North and South Channels that is available for vessel use as a "safe refuge."

Lowland Regulations

In addition to the traditional zoning requirements that regulate land use and dimensions, the City of Gloucester zoning ordinance also includes a provision that requires special permits from the City Council for construction proposed on land located below the 10-foot elevation (except for the lands "bordering Gloucester Harbor north and east of a line from the mouth of Blyman Canal to the intersection of Farrington Avenue and Eastern Point Boulevard," which includes the study area) and for any removal, filling, dredging, or building on any bank, marsh, swamp, or flat bordering on coastal or inland waters or any other land subject to tidal action or coastal storm flowage.

While the lowlands provision exempts the study area from the special permit requirement for buildings proposed below the 10-foot elevation, the exemption does not apply to alterations to wetland resource areas. It should be noted that the Gloucester Conservation Commission is required to review alterations to wetland resource areas as noted below. Removing the lowlands section of the ordinance or exempting the study area from the lowlands provisions would eliminate a redundant regulatory approval process.

Wetland Regulations

The Gloucester Conservation Commission implements the State wetland regulations and reviews projects proposed in coastal and inland wetland resource areas. As of the date of this report's publication, the conservation agent, shellfish constable, and harbormaster were working on the development of a general permit to authorize pile repair/replacement work involving 10 piles or less to proceed without securing a separate Order of Conditions under the wetland regulations. This provision would reduce permitting efforts and costs related to such work. Seawall/sheet pile repairs could potentially be added to this waiver to further reduce regulatory approval requirements for standard maintenance and repair work.

State Regulations

The entire Harbor section of the study area is located in a State Designated Port Area (DPA)[7] and much of the property is also located in State Chapter 91 jurisdiction.

Chapter 91 Program

The State Chapter 91 law is implemented through waterways regulations that govern proposed changes in use of or structural alterations to property located within Chapter 91 jurisdiction, and is administered by the Massachusetts Department of Environmental Production (DEP). Regulated activities include, but are not limited to, construction and modifications of piers,

[7] While not located within the formal study area, the westerly nonresidential portion of the Fort Area, which is located outside the DPA, was inventoried as part of the property inventory of this study.

wharves, bridges, marinas, or other in-water facilities, construction of buildings, harborwalks, parks, and other facilities including structures and/or fill not previously authorized, and changes in use.

The State Chapter 91 regulations are very complex especially when projects are also located in a DPA. Property owners are not always aware of what the requirements are and how their property might be redeveloped. With the City's new Site Plan Review process, the City can facilitate development by bringing awareness of the DPA regulations, including the applicability of the supporting use provisions, to the applicants at the local level. The City can also assist property owners by participating in pre-application meetings with DEP to discuss possible redevelopment opportunities on a parcel by parcel basis.

Listed below are some of the use and dimensional requirements contained in the Chapter 91 regulations that affect development proposals. For all projects, the following provisions (among others) apply unless otherwise modified through the adoption of a Municipal Harbor Plan or, in some cases, for properties located in a State Designated Port Area as noted in the following text.

Uses. The Chapter 91 regulations impose use restrictions in filled and flowed tidelands. Principal uses are classified as water-dependent (uses that depend on the adjacent water for operation such as marinas, parks/boardwalks, aquaculture facilities, shore protection, etc.), water-dependent industrial (industrial uses dependent on adjacent water for operation such as marine terminals, commercial passenger facilities, boatyards, etc.), and non-water-dependent (uses that do not need to be located on the water such as retail, restaurant, offices, housing, etc.). (See Table 5 on the following page.) The regulations also distinguish between "facilities of public accommodation" and "facilities of private tenancy" with the former being facilities that are open and available to the public such as retail, restaurant, and public marinas, and the latter being facilities that are restricted to private use such as condominiums, private yacht clubs, etc.).

The DEP is required to make a determination of water-dependency/non-water-dependency prior to issuing a public notice for a project. Additionally, except for water-dependent uses proposed on private tidelands, the regulations require that the DEP determine that proposed uses/alterations serve a proper public purpose that provides greater benefit than detriment to the public rights in such land.

Within the DPA, primary uses proposed in filled or flowed tidelands (except for DPA Supporting Uses, temporary uses, and facilities to accommodate public access above the high water mark or within the footprint of existing pile-supported structures or piles field) must be water-dependent industrial. (See DPA discussion below.) Furthermore, non-water-dependent uses cannot be located in any spaces or facilities with attributes that are necessary to maintain the utility of a site for prospective water-dependent-industrial uses.

Table 5: Chapter 91 Allowable Uses	
Water-dependent Uses	
	Marinas, boat basins, channels, storage areas, and other commercial or recreational boating facilities
	Facilities for water-based recreation such as fishing, swimming, diving
	Pedestrian access facilities open to the general public such as parks, esplanades, boardwalks, and other pedestrian facilities located at or near the water's edge
	Aquariums and other educational facilities dedicated primarily to marine purposes
	Aquaculture facilities
	Beach nourishment
	Waterborne passenger transportation facilities, such as those serving ferries, cruise ships, commuter and excursion boats, and water shuttles and taxis
	Dredging for navigation channels, boat basins, and other water-dependent purposes, and subaqueous disposal of the dredged materials below the low water mark
	Navigation aids, marine police and fire stations, and other facilities that promote public safety and law enforcement on the waterways
	Shore protection structures, such as seawalls, bulkheads, revetments, dikes, breakwaters, and any associated fill that are necessary either to protect an existing structure from natural erosion or accretion, or to protect, construct, or expand a water-dependent use
	Flood, water level, or tidal control facilities
	Discharge pipes, outfalls, tunnels, and diffuser systems for conveyance of stormwater, wastewater, or other effluents to a receiving waterway
	facilities and activities undertaken or required by a public agency for purposes of decontamination, capping, or disposal of polluted aquatic sediments
	Disposal sites sponsored or required by public agency for contaminated dredge sediment.
	Wildlife refuges
Water-dependent Industrial Uses	
	Marine terminals and related facilities for the transfer between ship and shore, and the storage of bulk materials or other goods transported in waterborne commerce
	Facilities associated with commercial passenger vessel operations
	Manufacturing facilities relying primarily on the bulk receipt or shipment of goods by waterborne transportation
	Commercial fishing and fish processing
	Boatyards, dry docks, and other facilities related to the construction, serving, maintenance, repair, or storage of vessels or other marine structures
	Facilities for tug boats, barges, dredges, or other vessels engaged in port operations or marine construction
	Any water-dependent use listed in 310 CMR 9.12(2)(a)9 through 14., provided the Department determines such use to be associated with the operation of a Designated Port Area
	Hydroelectric power generating facilities
	Offshore renewable energy infrastructure facilities in the Commonwealth, including ocean wave energy facilities, ocean current energy facilities, tidal energy facilities, any ancillary facility thereto or any similar facility that obtains its energy from the ocean; infrastructure facilities used to deliver electricity, natural gas or telecommunications services to the public from an offshore facility located outside the Commonwealth
	Other industrial uses or infrastructure facilities that cannot reasonably be located at an inland site as determined in accordance with 310 CMR 9.12(2)(c) or (d)

Within DPAS	
	Water-dependent industrial uses
	Industrial uses
	Supporting commercial uses
	Temporary
Accessory Uses	
	These include uses that are commonly associated with a water-dependent industrial use, such as parking for fish processing employees, on-site food outlets for employees, administrative offices supporting that use, or perhaps a small fresh fish retail business associated with a processing facility. An accessory use must be of a scale that is appropriate to the size of the facility with which it is associated.

Except for temporary or industrial uses proposed in a DPA:

- Non-water-dependent Facilities of Private Tenancy[8] are prohibited on pile-supported structures in flowed tidelands and on the ground level of private filled tidelands within 100 feet of a project shoreline.
- For non-water-dependent projects, the Chapter 91 regulations establish a Water-Dependent Use Zone (WDUZ) within which new or expanded buildings for non-water-dependent use and parking at or above grade are prohibited. The WDUZ is delineated based on various calculations related to proximity to water depending on site characteristics.

Open Space. For non-water-dependent projects, one square foot of open space must be provided for every square foot of tideland area occupied by a non-water-dependent building landward of a project shoreline. No more than 50 percent of such open space can be used for parking and circulation.

Building Height. There are no height restrictions for water-dependent uses. For non-water-dependent uses, heights cannot exceed 55 feet within 100 feet of the shoreline and can increase an additional one-half foot for every one foot landward of the 100-foot line.

Other Requirements. The Chapter 91 regulations also require non-water-dependent uses to provide one or more facilities that generate water-dependent activities and a pedestrian access network along the shoreline and connecting walkways to/from public ways or other public access facilities.

[8] *Facility of Private Tenancy and Facility of Public Accommodation* – A Facility of Private Tenancy is a facility at which the advantages of use accrue to a relatively limited group of specified individuals. A Facility of Public Accommodation is a facility at which goods or services are made available directly to the transient public on regular bases or at which advantages of use are otherwise open on essentially equal terms to the public at large.

Designated Port Area

Designated Port Areas are areas designated by the State where the preservation of water-dependent marine industry is paramount. The DPA status provides for marine industrial uses including the commercial fishing industry, boatyards, and fish processing facilities and prohibits the pre-emption of such uses with non-water-dependent uses. The program is administered by the Massachusetts Coastal Zone Management (CZM) Office, and regulations governing uses are included in the State Chapter 91 regulations.

The State Harbor Plan regulations include additional standards for Designated Port Areas when such areas are included in a Designated Port Area Master Plan. These regulations require that the plan preserve and enhance the capacity of the DPA to accommodate water-dependent industrial uses and must prevent substantial exclusion of such use by any other use eligible for licensing in a DPA. The regulations further require that the master plan ensure that an extensive amount of the total DPA land area in close proximity to the water will be reserved for water-dependent industrial uses.

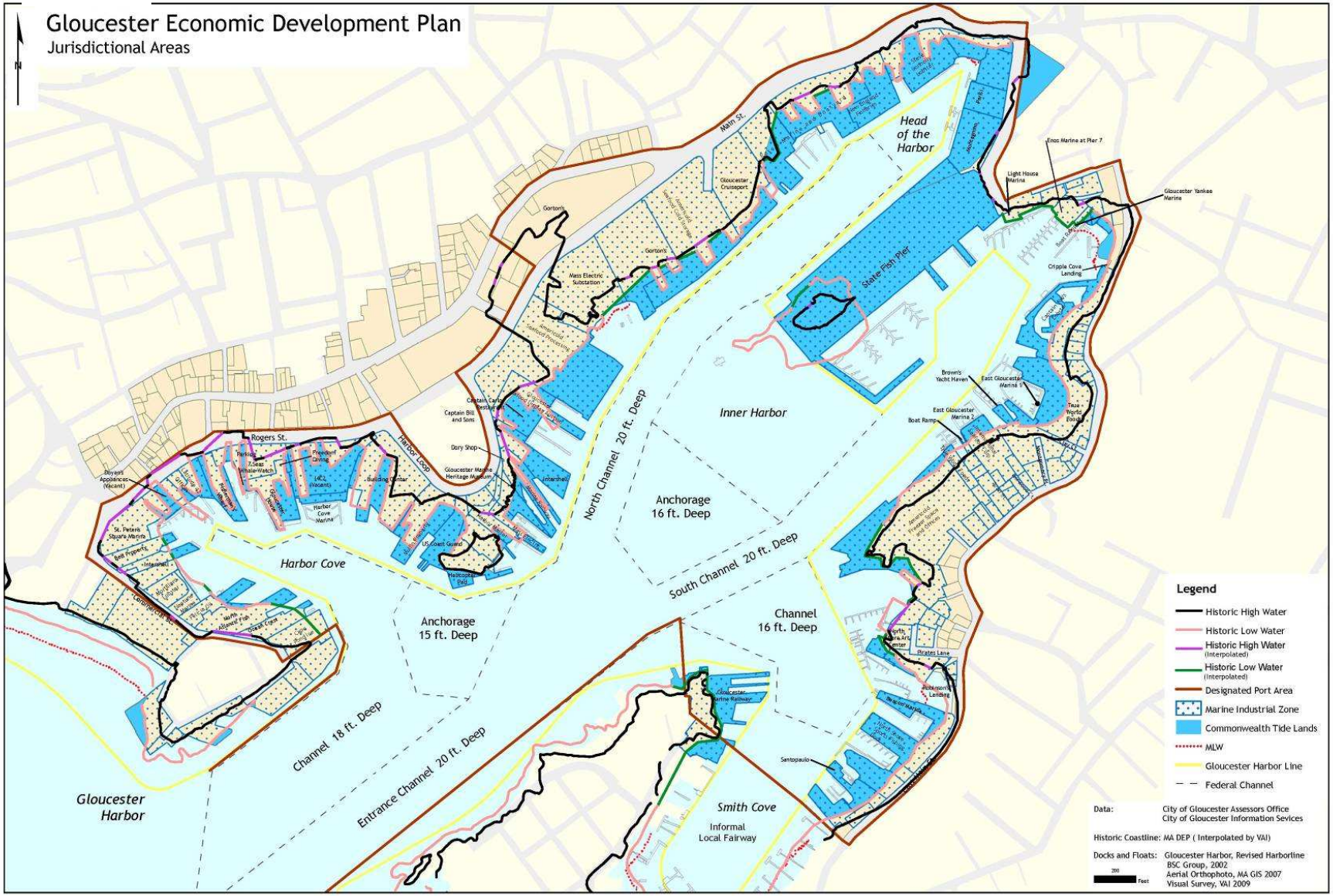
The entire waterside of the study is located in the Gloucester Harbor DPA. This includes Harbor Cove, the Industrial Port, and the East Gloucester waterfront. The DPA includes backland and piers as well as the entire water area of the harbor including the navigation channels and anchorage area.

Portions of the study area such as the block located between Main and Rogers streets where Gorton's is located or the residential portions of East Main Street either are not located on the waterfront or do not contain existing marine industrial uses. Importantly, however, in Designated Port Areas, all historically-filled tidelands are within the regulatory jurisdiction of the State Chapter 91 law even if they are "landlocked."[9] (See Map 12 on the following page for the location of the DPA boundary.) Furthermore, there are large recreational marinas and associated land-based facilities in East Gloucester and the Inner Harbor that, while water-dependent, are not classified as water-dependent marine industrial uses in the waterways regulations. The existence of the DPA places significant use and expansion restrictions on these properties. These restrictions are generally acknowledged to have impeded certain forms of redevelopment and resulted in disinvestment in the harbor infrastructure, particularly berthing facilities.

Changes to the regulations made in the 1990s allowed non-water-dependent industrial and commercial uses to be authorized as "Supporting DPA Uses" provided such uses provide direct economic or operational support to the water-dependent industrial uses and provided that such uses do not occupy an area greater than 25 percent of the area of the project site (excluding tidelands seaward of the project shoreline) unless otherwise provided in a DPA Master Plan. This restriction is imposed to ensure that the remainder of a site will continue to be available for water-dependent industrial uses. Supporting uses can be licensed for 30-year terms.

[9] The Chapter 91 regulations do not impose jurisdiction over landlocked tidelands, which are defined as areas separated from the water by a public way and more than 250 feet from any flowed tidelands.

Map 12:


Gloucester Economic Development Plan
Jurisdictional Areas
Head of the Harbor
Inner Harbor
Anchorage 16 ft. Deep
North Channel 20 ft. Deep
South Channel 20 ft. Deep
Channel 16 ft. Deep
Harbor Cove
Anchorage 15 ft. Deep
Channel 18 ft. Deep
Entrance Channel 20 ft. Deep
Gloucester Harbor
Smith Cove
Informal Local Fairway
State Fish Pier
Main St.
Rogers St.
Harbor Loop
Pirates Lane
Legend
Historic High Water
Historic Low Water
Historic High Water (Interpolated)
Historic Low Water (Interpolated)
Designated Port Area
Marine Industrial Zone
Commonwealth Tide Lands
MLW
Gloucester Harbor Line
Federal Channel
Data: City of Gloucester Assessors Office
City of Gloucester Information Sevices
Historic Coastline: MA DEP (Interpolated by VAI)
Docks and Floats: Gloucester Harbor, Revised Harbortine
BSC Group, 2002
Aerial Orthophoto, MA GIS 2007
Visual Survey, VAI 2009
200
Feet

The regulations also allow temporary uses but only if marketing efforts have failed to identify any prospective water-dependent industrial tenants and if the license is conditioned to require further solicitation of such tenancy upon expiration of the license term. Temporary uses are authorized for 10-year terms and are limited to warehousing, trucking, parking, and other uses that could be readily converted to marine industrial uses. Placement of fill or structures in tidal waters for uses other than water-dependent industrial is prohibited. Finally, certain uses are specifically prohibited from consideration as DPA Supporting Uses, including residential, hotel/motel facilities, and recreational boating marinas.

The recently completed Gloucester Harbor Plan and DPA Master Plan provide some flexibility in calculating the amount of supporting uses that may be allowed in siting these uses within the DPA. The plan allows DPA supporting uses to increase to 50 percent of the entire land area of the DPA including areas above and below the historic mean high water line. Throughout the DPA, the plan establishes that property owners are eligible to develop up to 50 percent of their land area (the area above and below the historic high water line) for supporting DPA uses. For many properties, this is an increase over the previous Chapter 91 regulatory limit for supporting commercial uses of 25 percent of the filled tideland and pier area on each project site. Further, and importantly, the plan provides for greater flexibility in siting supporting commercial uses on the filled tidelands and upland portions of a property.

The DPA Master Plan specifies that the commercial and general industrial uses that are allowable uses in the City's MI Zoning District are eligible for licensing by the DEP as supporting DPA uses.

The Harbor Plan also includes a requirement to determine if a supporting DPA use provides economic benefit to the DPA. The plan states that "…projects seeking approval must provide economic and/or operational support to water-dependent industrial uses on-site. If the property has an existing or proposed hub port use, economic support from the supporting use to the hub port use will be presumed. For other water-dependent industrial uses, the level and nature of economic support must be specified. If no water-dependent industrial use exists on or is proposed for the site, a commensurate investment in on-site waterfront infrastructure (piers, wharfs, dredging) to improve the site's capacity for water-dependent industrial use will be required. If, and only if, none of the above can be achieved adequately, a contribution to the Gloucester Port Maintenance and Improvement Fund will be required as mitigation. A methodology will be developed for quantifying the amount of economic support expected from supporting uses."

The Harbor Plan further recommends that changes to the City zoning be made to ensure that local and state use requirements are consistent.

While developing the 2009 Harbor Plan and this plan, the City identified emerging maritime uses that are compatible with the traditional industries in the working port but do not necessarily utilize the harbor directly. These include marine research, marine and maritime education, and marine technology industry. The State acknowledges that, while not currently allowed under DPA regulations, such uses may be considered in future deliberations of possible changes in the

regulations as compatible supporting DPA uses. It is also possible that in particular development scenarios, these uses might also meet the criteria for a water-dependent industrial use.

The City has taken a proactive approach with the DPA regulations by bringing the local concerns expressed during the Harbor Plan process to a State DPA working group. DEP indicated that the current DPA working group is addressing a specific limited agenda that includes the following:

- clarifying that Section 10A permits can be issued for seasonal, bottom held moorings for "recreational" vessels in DPAs;
- allowing accessory uses to a marine industrial use to be placed on pile-supported structures (no restaurants, lounges, or other non marine industrial accessory type uses);
- clarifying what is accessory use versus supporting use (parking for employees, ticket booth for ferry, etc.);
- allowing some recreational use of slips in DPAs if approved through municipal Harbor Plan. The size and location of such slips cannot impact adjacent marine industrial uses; and
- allowing some recreational vessels if they are part of a boatyard facility.

In 2010, the City expects the State to propose regulatory changes consistent with this scope that provide greater development flexibility while protecting and strengthening the working port.

Over the past several years, there has been some discussion of reducing the Gloucester DPA boundary to exclude areas that currently have limited water-dependent industrial uses or that lack direct access to the water. Boundary reviews are conducted by the Massachusetts Coastal Zone Management Office using criteria that are based on the physical suitability of an area to accommodate water-dependent industrial use. Proposed changes to the boundary require the preparation of analyses and documentation that clearly demonstrate why such changes should be made. The changes are also subject to public review. The regulations specifically exclude some areas from consideration of boundary review including:

- areas within a DPA on which water-dependent industrial use has occurred within the previous five years unless the use (1) did not take place on a reasonably continuous basis, for a substantial period of time; or (2) has been or will be discontinued voluntarily by the user; and
- land area within a DPA that is entirely bounded by existing DPA lands and/or by any waters.

Recreational Berthing

Both the State DPA regulations and the local Marine Industrial zoning prohibit recreational marinas. The recreational marinas that exist in East Gloucester are grandfathered under these programs and cannot expand.

The Harbor Plan discusses, but defers for a future amendment/update to the DPA Master Plan, the possibility of allowing new recreational boat dockage in Gloucester Harbor for permanent

and transient berthing. Recreational boating has co-existed with marine industrial uses in Gloucester Harbor for decades and can provide economic support to the city and harbor. However, as noted above, this use is currently prohibited under the State DPA regulations. The Harbor Plan further states that "[p]roperly sited new and improved recreational boating facilities can help not only to activate the harbor, but can be a means to produce additional and upgraded berthing for commercial vessels (e.g., requiring a minimum percentage of new slips be reserved for commercial vessel berthing), without interfering with the operation of water-dependent industrial uses, displacement of existing water-dependent industrial activities, or diminishing of space needed for future water-dependent industrial use."

Changes in DPA regulations to provide some flexibility in siting recreational berthing are currently being contemplated by a State-convened DPA working group. Should the working group recommend such changes, and if such changes are adopted through the public process, the Harbor Plan could be modified to include these provisions.

DOWNTOWN-HARBOR CONNECTIONS

Gloucester Harbor and the city's adjacent downtown are closely linked economically. The more robust the harbor economy, the more patronage downtown merchants are likely to enjoy. And the more vibrant and attractive the downtown, the more likely both the downtown and the harbor are to attract local and more distant visitors and keep them in the area for longer stays. This section of the report examines the current physical and economic relationships between the harbor and downtown and identifies challenges that must be addressed if this relationship is to be strengthened.

Downtown Characteristics and Conditions

Gloucester's downtown extends easterly from the intersection of Washington and Main streets to Flanagan Square at the corner of Main and Rogers streets and one block north of Gloucester Harbor. Downtown land uses consist primarily of mixed use buildings with some uses such as banks that occupy entire buildings and others that contain retail on the ground floor and office uses on upper floors. A visual inspection of the downtown Main Street corridor in the summer of 2009 identified 134 businesses. The major categories of downtown business are shown in Table 6 on the following page.

View of Main Street

Downtown business conditions can be described as moderately favorable. Main Street in the downtown is fully developed with retail and mixed use buildings occupying all sites. There are

no vacant or underutilized land parcels along the Main Street corridor. Within buildings, some vacancies do exist among the ground floor retail spaces. The visual inspection identified 10 vacant ground floor retail spaces, with an estimated 26,792 square feet. This constitutes 7.5 percent of all ground floor spaces.[10] Almost all of these vacancies are units within larger multi-unit properties. Most range from approximately 700 to 1,700 square feet. The one major vacant space is the Empire Building at 169 Main Street with 16,000 square feet.

A survey of downtown businesses conducted in fall 2009 indicates that business owners are generally positive about their prospects for the next few years, particularly in light of current economic conditions.[11] Of 39 respondents, 23 expect to keep the business as is, while six expect to expand at their current location or at another downtown location. Only two expect to close their business, while three expect to move to a location outside downtown.

Table 6:
Largest Categories of Ground Floor Businesses in Downtown Gloucester

Category	Number	Percent of Total
Restaurants	22	16.4%
Professional Services	15	11.2%
Clothing, Shoe Stores	13	9.7%
Beauty/Nail Salons/Barber Shops	12	9.0%
Bank/Insurance/Real Estate	11	8.2%
Jewelry and Gifts	6	4.5%
Art Dealers	6	4.5%
	85	63.5%

Relationship of the Downtown and Harbor Economies

Harbor workers and visitors are a significant although not the primary market for downtown businesses. Respondents to the downtown business survey estimate that, on average, about 12 percent of their sales come from tourists visiting Gloucester Harbor and about 10 percent from people working or doing business in the harbor. Tourists visiting Gloucester Harbor are characterized as a "very important" market by about half of survey respondents, while people working and doing business in Gloucester Harbor are characterized as very important by about three-quarters of respondents.

Another survey conducted of harbor businesses, also in the fall of 2009, indicates that harbor workers are frequent patrons of some types of downtown businesses.[12] Most respondents report using banks, and restaurants and coffee shops at least twice a week, and sometimes more than five times a week. Next are food and beverage stores, which are typically used two to five times a week. Less frequently used, but still on average one to three times a week, are drug stores and miscellaneous retail stores. Respondents also report referring customers to downtown businesses on a fairly regular basis. Over 90 percent do so at least once a week, and 40 percent do so at least six times a week.

[10] No data are available on total ground floor square footage, so the vacancy rate cannot be calculated on a square footage basis.
[11] The survey, conducted partly online and partly through direct distribution, was distributed to 93 businesses. Forty responded, for a response rate of 43 percent.
[12] The survey was distributed online to 55 businesses. Sixteen were completed, for a response rate of 29 percent.

There is wide agreement among downtown and harbor businesses and local economic and community development professionals that economic linkages between the harbor and downtown can be strengthened. One key issue is improving visual and physical connectivity. Identifiable pedestrian linkages are not present and wayfinding is difficult. (See Map 13 on following page.) To some extent, connections between the two areas are hampered physically by the grade difference between Main and Rogers streets and visually by the land uses along the north side of Rogers Street, which include the back of the house sides of Main Street establishments and parking lots.

Several previous studies have identified existing views and potential pedestrian connections between the downtown and the harbor. The 1995 Gillham & Gander report[13] evaluated existing and potential physical and visual connections between the various activity centers of the downtown and harbor. The report found that there was a "lack of inviting appeal along Rogers Street" and a "disconnection" between the two areas.

View from Rogers Street toward Main Street

[13] City of Gloucester Downtown Streetscape and Building Façade Improvements prepared by Gillham & Gander Associates, June, 1995.

Map 13:


Gloucester Harbor Economic Development Plan
Downtown / Harbor
Existing Public Realm
Flanagan Square Gateway
Spring Street
Cruiseport
Gorton's
Rogers Street
State Fish Pier
Gloucester City Hall
Cape Ann Museum
Chestnut Street
Middle Street
Sargent Gillman House
Main Street
Police Station
Gloucester Seafood Auction
Washington Street
Washington Street Gateway
Gus Foote Park
Fitz Hugh Lane House
Maritime Heritage Center
Harbor Loop
St. Peter's Square
Harbor Cove
Solomon Jacobs Park
Commercial Street
Pavillion Beach
Cape Pond Ice
The Fort
Fort Park
Legend
Downtown Heritage Trail
Vessel View Trail
Harbor Walk
Improved Downtown / Harbor Connection
Waterfront View
Source: Gilman Gander Report
Harbor View
Recently Improved Streets
Public Landing
Park/ Public Space
Beach
Cultural / Institutional
Data: City of Gloucester Assessors Office
City of Gloucester Information Services
200
Feet

Several suggestions for improving these connections were included in the plan including enhancing pedestrian amenities along Parsons and Porter streets. (See Map 14 on the following page.)

Approximately three-quarters of respondents to both the downtown and harbor business surveys consider improving pedestrian links between downtown and the harbor to be either very or somewhat important measures. Almost all of downtown businesses consider improving wayfinding signage between the two areas to be very or somewhat important. (The harbor business survey did not pose this question.)

Development of vacant and underutilized properties along Rogers Street can also help to knit the downtown and harbor areas more closely together. Seventy-five percent of downtown business survey respondents consider stimulating more development along Rogers Street to be very or somewhat important in this regard. The development of the I4-C2 parcel recently acquired by the City can play a particularly critical role in bridging the two areas both physically and economically through design and use decisions.

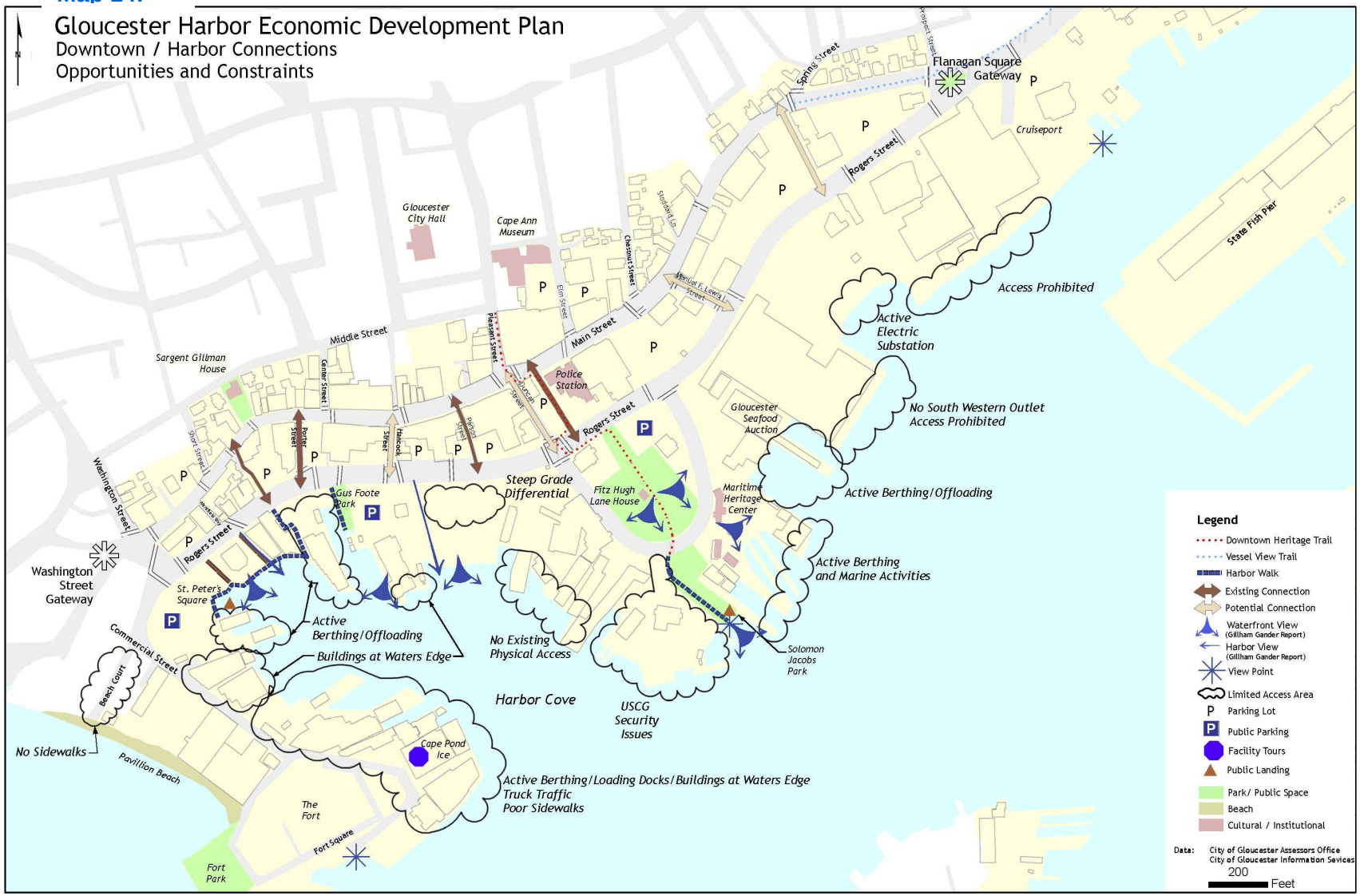
In addition to the lack of visual and physical connectivity, parking issues arise during the summer season when visitors compete with normal users of this area for parking spaces. The use of on-street parking by semi tractor trailer trucks also consumes large areas and detracts from the visual environment. Respondents to both the downtown and harbor business surveys identify addressing downtown parking issues as the most important way to improve patronage of downtown businesses and strengthen downtown-harbor linkages.

Previous studies have suggested limiting parking for tractor trailers to the eastern portion of Rogers Street closer to Gorton's and Americold and/or accommodating such vehicles on Harbor Loop Road. Similarly, tourist buses also occupy on-street parking spaces, and past recommendations to alleviate this problem included suggestions for satellite parking near the Blackburn Industrial Park and/or water shuttle service from Stage Fort Park where the Gloucester Visitor Center is located.

Increasing transient dockage for recreational boaters in the harbor and initiating a water shuttle have also been suggested as means to draw more people to both the harbor and downtown. A number of respondents to both the downtown and harbor business surveys suggested these measures, and local tourism organizations have also supported them.

Certain "soft" initiatives can also generate more pedestrian cross-traffic between the harbor and downtown. These include coordinating downtown and harbor events, more targeted marketing of the downtown to harbor visitors, and extending store hours to reflect harbor visitation patterns. One example of the latter is to make sure stores are open when cruise ships dock in the harbor.

Map 14:


Gloucester Harbor Economic Development Plan
Downtown / Harbor Connections
Opportunities and Constraints
Flanagan Square Gateway
Cruiseport
State Fish Pier
Access Prohibited
Active Electric Substation
No South Western Outlet Access Prohibited
Active Berthing/Offloading
Active Berthing and Marine Activities
Solomon Jacobs Park
Maritime Heritage Center
Fitz Hugh Lane House
Gloucester Seafood Auction
Steep Grade Differential
Police Station
Gloucester City Hall
Cape Ann Museum
Sargent Gillman House
Gus Foote Park
St. Peter's Square
Washington Street Gateway
Active Berthing/Offloading
Buildings at Waters Edge
No Existing Physical Access
Harbor Cove
USCG Security Issues
Commercial Street
Beach Court
No Sidewalks
Pavilion Beach
Cape Pond Ice
Active Berthing/Loading Docks/Buildings at Waters Edge
Truck Traffic
Poor Sidewalks
The Fort
Fort Square
Fort Park
Middle Street
Main Street
Rogers Street
Spring Street
Elm Street
Chestnut Street
Pleasant Street
Duncan Street
Porter Street
Hancock Street
Center Street
Short Street
Washington Street
Legend
Downtown Heritage Trail
Vessel View Trail
Harbor Walk
Existing Connection
Potential Connection
Waterfront View (Gillham Gander Report)
Harbor View (Gillham Gander Report)
View Point
Limited Access Area
Parking Lot
Public Parking
Facility Tours
Public Landing
Park/ Public Space
Beach
Cultural / Institutional
Data: City of Gloucester Assessors Office
City of Gloucester Information Services
200
Feet

ORGANIZATIONAL CAPACITY AND RESOURCES

Successful implementation of harbor and downtown economic development efforts will require local public and private organizations to lead and participate in these efforts, and financial resources from a variety of public and private sources. This section of the report describes the organizations and financial resources that can play an important key role in achieving the objectives of a harbor economic development plan.

Organizational Capacity

Gloucester has a number of city agencies, boards, and commissions as well as private organizations whose functions and resources position them to play a role in harbor and downtown economic development. These organizations are described below, grouped by the types of economic development capacity that will be needed to undertake these efforts. The recommendations section of the report includes recommendations for organizational capacity development needed to effectively implement the Harbor Plan.

Business attraction, retention, and expansion. Gloucester has no single economic development organization, either public or private, that promotes and supports business attraction, retention, and expansion in a comprehensive fashion. However, a number of organizations undertake activities in this area.

- The *Gloucester Economic Development and Industrial Corporation (EDIC)*, a quasi-public agency, improves and markets property in the City's Blackburn Industrial Park. Currently, most of the sites in the industrial park have been developed and are occupied. The EDIC is currently considering the feasibility of expanding the City-owned Cape Ann Industrial Park.
- The City's *Community Development Department* offers financial incentives to new or existing businesses, including loan guarantees and tax increment financing, and supports economic development activities with some of its Community Development Block Grant funding. The Department's Brownfields Cleanup Revolving Loan Fund provides loans to property owners for remediation of designated brownfields sites.
- Two other loan funds, the *Gloucester Investment Corporation*, capitalized by local banks, and the *Gloucester Revolving Loan Fund*, managed by MassDevelopment, offer financing for business investments promising local job creation and retention. (See Financing Resources below.)
- Outside of the EDIC's work in the industrial park, the City has no formal business marketing or recruitment program. Assistance to businesses seeking sites in Gloucester is typically handled by the Community Development Department and the City's chief administrative officer.
- The recently established *North Shore Alliance for Economic Development* conducts regional marketing efforts in partnership with statewide economic development organizations.

Commercial and industrial property development. The Gloucester Economic Development and Industrial Corporation and the Gloucester Redevelopment Authority (GRA), both quasi-public agencies, have the power to acquire, develop, and sell commercial and industrial properties and can issue revenue bonds or incur other forms of debt for this purpose. The GRA also has the power to acquire property by eminent domain. EDIC's development role, as noted, has primarily involved improving and selling City-owned property in the Blackstone Industrial Park for industrial development. While the GRA acquired, improved, and sold property under the City's urban renewal plan during the 1960s, it has not been active in recent years. The City can also directly acquire property, as in the case of the I4-C2 site.

Entrepreneurship and small business development. Start-up and early-stage businesses in Gloucester are supported by the Cape Ann Business Incubator (CABI). CABI offers seminars, one-on-one counseling through the local chapter of Service Corps of Retired Executives (SCORE), access to shared services at its Resource Center, and low-cost space for a selected number of businesses at its facility. It also recently initiated a youth entrepreneurship training program.

Harbor infrastructure development. The development, maintenance, and operation of waterside public infrastructure in Gloucester Harbor as well as regulation of public waterways are overseen by the Waterways Board. The board's duties include operation and maintenance of all public launch ramps, marinas, landings, floats, and access ramps, review of waterfront development projects and zoning changes, and undertaking projects such as dredging, mooring fields, and access facilities.

Commercial fishing industry development

- The Gloucester Fishermen's Wives Association plays a lead role in market development initiatives including Cape Ann Fresh Catch, a direct-to-consumer marketing program, and has managed industry workforce development programs in the past.
- While not currently in place, a Gloucester Fisheries Commission, appointed by the mayor, is authorized by state legislation. The purpose of the Commission is to "investigate, advocate and recommend measures for the promotion, preservation and protection of the Gloucester fishing industry."

Tourism development. The City's Tourism Commission and two private organizations, the Cape Ann Chamber of Commerce and the Seaport Gloucester Designated Marketing Organization, all play a role in tourism marketing. The chamber also organizes tourism-oriented events. In addition, a group of volunteers maintains the City's tourism website.

Downtown development. A number of organizations, public and private, are involved in downtown development.

- The City, through its Community Development Department and Department of Public Works, undertakes improvements in downtown infrastructure including streets, sidewalks, and open spaces.

- The City-appointed Downtown Development Commission (DDC) advises the City on physical improvements and promotes marketing initiatives and new business investment. The DDC also receives City funds for flower plantings and other beautification and cleanup activities.
- The Cape Ann Chamber of Commerce organizes promotional programs and events.
- The City's Historic District Commission conducts design review of building construction and alterations in the City's Historic District, which encompasses part of the downtown area.
- Other initiatives, such as organizing a series of downtown "block parties" are organized by an informal group of local merchants.

Historic preservation. In addition to the work of the Historic District Commission, the City's Historical Commission is charged with preserving, protecting, and developing public awareness of Gloucester's historical assets.

Cultural economic development. The Gloucester Cultural Council is charged with distributing State arts lottery funding to cultural organizations, and promoting and seeking financial support for local cultural activities. The Society for Encouragement of the Arts (seArts), a private nonprofit organization, supports increased funding for artists and arts organizations through volunteer efforts.

Financial Resources

Gloucester has several ongoing and one-time resources available to support harbor economic development. Some of these resources are directly controlled by the City while others are managed by either nonprofit organizations or a State quasi-public agency.

City-controlled funding resources

- As an entitlement city under the federal *Community Development Block Grant* program, Gloucester receives $800,000 in annual CDBG funding, with approximately $300,000 of this amount used for economic development activities.
- A one-time grant of $250,000 from the *Seaport Advisory Council* is available to support plan implementation.
- Gloucester has received a federal *Environmental Protection Agency Brownfields Grant* that will provide $400,000 in grant funds to pay the cost of environmental assessments of contaminated properties
- *Federal Department of Housing and Urban Development 108 Loans* are loans funded through HUD in which the City's CDBG allocation serves as a guarantee for a loan to a private firm or development project. If the private borrower fails to repay the loan, the City's CBDG funds are used to repay the loan to HUD. Gloucester can use up to five times its annual allocation, or $4 million, for HUD 108 loans.

Nonprofit and State-controlled revolving loans funds targeted to Gloucester

- MassDevelopment administers the *Gloucester Revolving Loan Fund (GRLF)* on behalf of the locality. This was capitalized via an EDA grant of approximately $700,000 and makes real estate and equipment loans to businesses located in Gloucester, Rockport, Essex, and Manchester-by-the Sea with an emphasis on fishing vessels and seafood-related businesses. The GRLF provides loans for up to 90 percent of collateral value and either a floating or fixed interest rate. It has approximately $125,000 in available funds of which $100,000 has been set aside for subsidized loans to Gloucester seafood businesses hurt by this summer's drinking water crisis. The loans will provide a maximum of $25,000 per business, and are for five years at 4 percent interest.
- *Gloucester Investment Corporation* is a loan fund established by area banks and corporations in 1993 to provide higher risk loans to Cape Ann businesses. It has $2 million in capital with about $100,000 in available funds to lend. Typical loan terms are for four years at 75 percent of prime with a focus on loans that create jobs. It has not been very active in recent years, making about two loans per year. It plans to expand its marketing with links to the City of Gloucester and Cape Ann Chamber websites.

Additional City financing tools. The City of Gloucester can also use several municipal financing tools that use tax revenues or new assessments to raise funds for harbor economic development activities:

- *Tax-increment financing* allows Massachusetts cities and towns in economic target areas to reduce property taxes for new private investment that generate jobs. Under a TIF agreement, the property tax reduction can be set aside and used to finance infrastructure related to the investment. A TIF might be used to fund public infrastructure associated with a new harbor development project or to expand or repair commercial dockage tied to a new investment.
- *District increment financing* establishes a defined area (district) and associated improvement plan for the area and then allocates increases in local tax revenues in that district for the planned improvements.. A district that encompasses the DPA and surrounding properties could use new taxes from development within this area to fund public realm improvements, wayfinding signs, the harborwalk, and other investments or activities that benefit and improve the designated district.
- *Business improvement districts (BID)* allow property owners in a commercial or business district to establish an additional property assessment to fund services, activities, or physical improvements that benefit the district. A BID could be used to fund marketing, special events, wayfinding signs, other smaller scale improvements, and area maintenance for the Main Street and waterfront areas. It could also help fund additional economic development staff and operating costs.

Non-city funding resources. Several federal and state grant programs are potential sources to help support harbor economic development. The most relevant grant sources include:

- The Massachusetts *Public Works Economic Development (PWED)* program provides grants to municipalities for transportation infrastructure investments needed to support

local economic development. The program is administrated by the Executive Office of Transportation and Construction and typically awards grants on an annual competitive basis. In FY2009, the Patrick Administration issued new guidelines that emphasized projects that promoted the Sustainable Development Principles and advanced state policy priorities. These grants could support infrastructure upgrades to Commercial Street, Rogers Street, new berthing facilities, or a new hotel development. The infrastructure funded by the grant should be linked to new jobs creation, private investment, or other economic development outcomes.

- Massachusetts *Community Development Action Grants (CDAG)* are grants of up to $1 million to fund publicly-owned or managed projects that have a significant impact on the overall economic condition of a city or town, including activities that will significantly improve the conditions of low- and moderate-income persons. The project area for the CDAG grant must be a decadent, substandard, or blighted open area. CDAG grants can be used for infrastructure improvements that support new workforce housing and commercial developments; upgrades to streetscapes, sidewalks, and roadways; site preparation; and improvements to publicly-owned buildings, including demolition, new construction, or rehabilitation of existing structures. The CDAG program is administered by the Department of Housing and Community Development. A CDAG grant could be used for public realm infrastructure, publicly-owned dockage, or a marine research/incubator if it is publicly-owned.
- *U.S. Economic Development Administration (EDA)* provides matching grants to localities for public works projects that generate new private sector employment and for economic adjustment initiatives, projects, and programs aimed at addressing long-term economic distress. A community must have an unemployment rate above the national average to be eligible and the funded activities must be priority projects under a regional Comprehensive Economic Adjustment Strategy. A minimum 25 percent local match is required. An EDA grant could be used for public realm infrastructure improvements, upgrades to Commercial Street, a marine research/incubator facility, or expanded revolving loan fund capital for business gap financing.
- *Massachusetts Urban Renewal Development Grants (URDG)* are administered by the Department of Housing and Community Development. The Department provides matching grants over a 20-year period for up to 50 percent of the cost of implementing approved urban renewal plans. This grant might help fund an updated Urban Renewal Plan for the I4C2 site.
- *John Adams Innovation Institute (JAII)* provides planning, program development, and implementation around industry/cluster development or other innovation opportunities. These funds could be used for strengthening a cluster organization and related activities for emerging marine and maritime technology industries. JAII has funded such efforts in Southeastern Massachusetts and might support an effort focused around the North Shore. It might also fund efforts around implementing a "sustainable fisheries" initiative to work with the fishing industry to adopt new technologies and design a training curriculum to advance sustainable fishing practices.
- *U.S. Department of Labor (DOL) Workforce Investment in Regional Development (WIRED) Grants* go beyond traditional strategies for worker preparation by bringing together state, local, and federal entities; academic institutions (including K-12,

community colleges and universities); investment groups; foundations; and business and industry to address the challenges associated with building a globally competitive and prepared workforce for industries of regional importance. WIRED grantees obtain a series of phased investments that range from $100,000 to several million dollars to develop and implement regional workforce and economic development initiatives. While Gloucester could not obtain this grant alone, it might be part of a regional effort aimed at addressing the future workforce development needs of Gloucester's fishing industry and other marine and maritime industries. The program is not currently funding new initiatives, but City economic development staff should monitor it and other U.S. DOL programs for application to the Harbor Economic Development Plan.

- *Massachusetts Workforce Training Grants* are grants of up to $100,000 made to employers, employer associations, trade unions, and training providers for training projects with small- and medium-size businesses that will result in job retention, job growth, or increased wages; make a difference in the company's productivity, competitiveness, and ability to do business in Massachusetts; and in which there is significant private investment in training during and after the grant period.

In addition to the above grant sources, the following loan and tax credit investment programs can help finance private businesses and real estate projects:

- *MassDevelopment* has several loan programs to finance real estate development projects, business equipment, tax exempt bonds for facilities, and loans and loan guarantees targeted to emerging technology firms and brownfields redevelopment.
- *The U.S. Small Business Administration (SBA) 504 Program* provides subordinated below market loans for long-term fixed asset investment by small businesses in conjunction with a bank loan for 50 percent of the project. Loans are originated through SBA-licensed Certified Development Companies.
- *New Market Tax Credits (NMTC)* provide investors with a 39 percent tax credit over seven years for investments in low-income census tracts. Qualifying businesses and real estate projects can receive below-market loans or grant-like equity investments through New Market Tax Credits. Funding is arranged through organizations that receive allocation of NMTCs from the U.S. Treasury. Bank of America, Boston Community Capital, Coastal Enterprises, MassDevelopment, and MassHousing Investment Corporation are some of the larger NMTC allocates serving Massachusetts.
- *Federal and State Historic Tax Credits.* Both federal and state governments provide tax credits up to 20 percent of a new investment to rehabilitate an historic building. When both tax credits are used, as much as 30 percent of the investment capital for a project can be secured from tax credit investors.

Table 7 summarizes how these funding sources could be used for some of the major activities involved in harbor economic development efforts.

Table 7: Summary of Funding Sources by Activity/Project Type		
Project/Activity	**Potential Local Funding Sources**	**Potential Federal and State Funding Sources**
Public Realm Infrastructure	TIF, DIF, BID, Seaport Advisory Council Grant. Local Options Taxes	PWED, CDAG, EDA
New berthing for commercial fishing vessels	CDBG funds, Seaport Advisory Council Grant, TIF, DIF	PWED, CDAG, EDA
Maritime research/incubation facilities	CDBG, Seaport Advisory Council Grant	CDAG, EDA, NMTC, HTC, MassDevelopment Loan
Expanded tourism events and marketing	DIF, BID, Local Option Taxes, CDBG	
Gap financing for new hotel development	HUD108, CDBG, TIF, Gloucester Revolving Loan Fund	NMTC, Historic Tax Credits, MassDevelopment Loan, NMTC, HTC
Gap business financing	Gloucester Revolving Loan Fund, Cape Ann Fisheries Loan Fund	SBA504, MassDevelopment Loan Programs
Fishing industry workforce training	Seaport Advisory Council Grant	Massachusetts Workforce Training Fund, WIRED Grant
Marketing and promotion of waterfront development sites	DIF, BID, CDBG, Local Option Taxes	
Redevelopment of the I4-C2 site	DIF, TIF, CDBG, HUD108	MA URDG, NMTC, MassDevelopment Loan
Staff and operating costs for expanded economic development capacity	CDBG, DIF, BID, Local Option Taxes	

RECOMMENDATIONS

INTRODUCTION

Drawing from the findings above, this section of the report recommends a comprehensive set of initiatives to sustain and grow the three legs of the harbor economy, stimulate harbor property investment, and support downtown development by strengthening linkages between the harbor and downtown.

It has often been pointed out during the course of this study that there is no lack of ideas for strengthening the harbor and downtown economies. The problem has been in getting these ideas implemented. It is our observation that one of the fundamental barriers to progress is a lack of community consensus about goals and priorities. If key community stakeholders cannot agree on what is important, it is difficult, if not impossible, to get anything done. Another critical barrier is limited resources and organizational capacity. The City struggles with budgetary needs that outstrip its financial capacity, and the business community, particularly in today's economic environment, has limited funds to contribute to economic development endeavors. And while the city certainly has numerous public and private organizations involved in various aspects of economic development, activities are often fragmented among different organizations, leading to poor coordination, overlap, and duplication. Particularly in a scarce resource environment, this reduces the effectiveness and efficiency of economic development activities.

With this in mind, the recommendations have been designed to meet three key criteria: 1) based on the real competitive strengths of the local economy; 2) well matched with existing organizational capacity and resources or a realistic plan to develop them; and 3) responsive to the interests and aspirations of multiple community stakeholders, with the potential to achieve a reasonable level of consensus on a course of actions.

Gaining community support and mobilizing organizational capacity and resources does not simply mean gaining verbal endorsements. Key stakeholders must be seriously engaged and committed to achieving the plan's objectives. This will require strong support for the plan among key public and private community leaders.

GOALS

Any economic development plan must be driven by a set of broad goals that embody the aspirations of community stakeholders. Goals set a benchmark against which strategies and individual initiatives are evaluated. Based on our understanding of what the community wants to accomplish, we have established the following goals to guide our strategic recommendations:

1. Diversify the harbor's economic base by attracting new industry and supporting commercial uses while sustaining traditional industrial uses such as commercial fishing.
2. Expand high-quality job and income opportunities for Gloucester residents.

3. Stimulate property investment and minimize the number of vacant and underutilized properties.
4. Enhance the area's role as a center of community life.
5. Preserve the area's heritage and character.
6. Make the area more accessible to visitors and residents.
7. Broaden the city's tax base while also supporting non-profit property uses that provide a foundation for economic growth and enhance the quality of life

INITIATIVES

Sustaining and Building the Economic Base

Economic development is fundamentally about sustaining and building a community's economic base and, in the process, creating wealth. A community's "traded sectors" draw income into the community, creating and retaining businesses, jobs, and tax base, and stimulating property investment. Income from traded sectors is circulated to businesses serving the local community, creating additional jobs, income, and investment. Our analysis of the harbor's economic base has focused on three industry segments — commercial fishing, tourism, and the maritime economy. We have also identified the potential to develop supporting professional, technical, and creative industries, particularly with the recent change in the Designated Port Area (DPA) to allow 50 percent commercial supporting uses. Activities to retain and expand these industries should be at the core of a harbor economic development strategy.

Commercial Fishing Industry

The commercial fishing industry has been a mainstay of the harbor economy since Gloucester's founding and is central to the city's history and culture. In recent years, the industry has been thrown into a state of deep uncertainty by federal regulations intended to maintain the fisheries at sustainable levels. While the local fishing industry is very likely to survive in some form, this uncertainty makes it very difficult to predict what the industry will look like in one or two years, much less five or 10. As a corollary, it is difficult to predict the industry's future needs for infrastructure and services. This complicates efforts to develop local initiatives to support the industry.

This being said, there are actions the community can take to create a more favorable industry environment, although it will require close monitoring of the broader industry environment and flexibility to meet changing conditions.

- **Re-establish the Fisheries Commission to lead efforts to strengthen the economic position of Gloucester's fishing industry.**

Whatever steps are taken to support the commercial fishing industry, the city needs organizational capacity to lead and manage these efforts. A reconstituted Fisheries Commission, under consideration by the mayor, can serve this function. The Fisheries Commission would be

charged with planning and implementing actions that can be taken at the local level to sustain and promote Gloucester's fishing industry, including commercial fishing and supporting businesses. The commission could also support advocacy efforts undertaken by industry organizations and representatives related to federal fisheries policies impacting the local industry. The commission should have representation from local commercial fishermen, processors, and businesses providing support services. While a full-time staffer would be preferable, the commission should have a least one part-time staffer and be provided with administrative support. Funding would be required from the City budget. In addition, while the National Oceanic and Atmospheric Administration (NOAA) has not announced specific mitigation measures to counter the regulatory disruptions currently burdening the industry, it should be requested to allocate mitigation funding to the commission as part of a mitigation program. As an initial agenda, the commission would take the lead in implementing the commercial fishing recommendations described below.

➲ **Establish a dockage monitoring and brokerage program.**

Commercial fishing vessels currently use dockage from a variety of public and private sources. Because of the large proportion of dockage controlled by private marinas, some of which are grandfathered recreational marinas under the DPA, commercial fishermen have expressed concern about the continued availability of berthing space. At the same time, some marina owners express frustration that current DPA regulations require them to maintain commercial dockage in excess of demand, preventing them from expanding recreational uses that could provide increased revenues to offset the lower revenues generated by commercial uses. The ongoing restructuring of the industry, which is predicted to result in a smaller number of larger vessels, may also result in a structural mismatch between berthing supply and demand. Furthermore, the availability and condition of commercial berthing facilities in some portions of the harbor have degraded over the past 15 years due to use restrictions and/or disinvestment.

Accurately determining the supply and demand of commercial dockage is complicated by short-term factors such as changing catch levels and days at sea, seasonal variations, and shared usage, and long-term factors such as the changing size structure of the fleet and the concentration of vessels in fewer ports. (Gloucester has been the beneficiary of this latter trend.) In other words, it is a dynamic situation that needs to be monitored on a regular basis to identify and adjust to changing needs.

Some of these issues could be addressed by establishing a dockage monitoring and brokerage entity. Its objective would be to match supply and demand so that the needs of the commercial fishing industry could be met without requiring marina owners to maintain excess capacity. Its function would be to:

- monitor supply and demand by establishing information collection methods from vessel owners and marinas;
- identify and develop recommendations to address impediments to maximum use of existing dockage, such as insurance issues;

- establish a brokering service to match supply and demand (possibly a web-based tool using the marketing website to be established as part of this project);
- make recommendations to the City and private property owners on development of dockage to meet evolving needs; and
- make recommendations, as necessary, on financial or regulatory incentives for private marina owners to maintain or develop commercial dockage.

In addition to helping vessel owners currently home-ported in Gloucester, a dockage brokering service could also be a tool to attract additional commercial fishing vessels for Gloucester by marketing available berths, thus providing additional revenues to related businesses and helping to retain these businesses in Gloucester.

Finally, greater certainty about the availability of dockage may enable commercial fishermen to be more flexible about measures to increase other uses of waterfront properties.

It is hoped that by allowing up to 50 percent supporting use in the DPA, property owners will be able to tap into additional revenues generated by such development to make improvements to existing deteriorated berthing facilities. The City should also work with Americold and Gorton's to reopen the extensive berthing facilities along their waterfront properties for commercial uses.

While the Fisheries Commission should take the lead in developing this program, the Waterways Board should assume responsibility for managing the brokerage service consistent with its responsibility for regulating the use of waterfront facilities.

Implementation: The following steps should be taken to implement this initiative.

- Establish a planning process to design the exchange involving consultations with vessel and dockage owners.
- Conduct an inventory of dockage — size, services, rates, periods of availability, etc.
- Develop a brokerage service using the City's planned property marketing website. The website should be designed to enable users to enter information directly and make direct contact with a potential match. The site could also be designed so that individuals could contact the service directly to obtain information, although using the website would be the preferable method so as to reduce staff requirements.
- Market the service to vessel owners and dockage owners.
- Develop a method to monitor the use of the service and identify mismatches in supply and demand. This could be accomplished by conducting a periodic survey of vessel and property owners.
- Prepare period public reports and recommend actions to address supply-demand issues.

➲ **Develop a business retention program for commercial fishing-related businesses.**

The gain or loss of fishing industry-related businesses in Gloucester, such as suppliers, vessel services, and fish processors, will be determined, in large part, by forces outside the city's control. At the same time, an effective retention effort can mitigate these forces and help to

maximize the industry's economic impact. This could be undertaken as part of a larger business retention effort.

Retention efforts should be particularly targeted to businesses that provide critical services to the commercial fishing industry. Examples include the Gloucester Marine Railway, a critical source of vessel repair services, and Cape Pond Ice, the harbor's only remaining ice supplier. Both of these businesses are struggling financially. A retention program would involve conducting outreach to businesses like these to assess their situation and developing a plan of assistance to address identified problems. This might involve assisting with regulatory issues, obtaining technical assistance, or putting together public-private financing packages to support needed investments or ownership transfers.

Implementation. The following steps should be taken to implement this initiative.

- Compile a complete inventory of fishing-related businesses.
- Develop information collection tools, including a questionnaire on key business issues to be used during visits.
- Develop an informational brochure about City services and resources to be distributed at visits.
- Recruit and train volunteers to assist with visits. This could include retired businessmen with knowledge of the industry.
- Develop a process to ensure timely follow-up to issues and problems identified through visits.
- Develop a process to compile survey information and identify common issues that need to be addressed through local policy changes.

➲ **Develop market opportunities to increase industry revenues.**

Helping fishermen increase their incomes is another way of sustaining the industry. This is the objective of the Gloucester Fishermen's Wives Association's Cape Ann Fresh Catch program, which distributes fresh-caught local fish directly to consumers. Changing public policies and consumer tastes that place increasing emphasis on the quality and sustainable production practices of our food supply give local fishermen a market opportunity to increase the price of their catch. This could be achieved through a branding and marketing initiative that establishes a Gloucester or Massachusetts brand emphasizing the quality and sustainable production practices of local fisheries. The initiative could involve developing a Gloucester or Massachusetts label, a certification process, and a local and regional marketing campaign to promote distribution to high-quality restaurants, food retailers, and farmers' markets. Two specific initiatives should be pursued in this regard.

➔ ***State Seafood Marketing Program.*** First, the City should work with its state legislative delegation, the Massachusetts Fishermen's Partnership, to broaden the Massachusetts Department of Food and Agriculture's "Massachusetts Grown…and Fresher Campaign," which currently focuses on agricultural products, to include seafood products. The program has eight regional Massachusetts Buy Local Campaigns that promote the purchase of local

products. Buy Local groups also provide technical information and resources to assist local growers and food producers to strengthen their business and identify new customers and markets to support the local farm and food infrastructure. As a day-boat fishery, Gloucester is particularly well-positioned to market the freshness and high quality of its catch.

➔ ***Sustainable Fisheries Certification.*** The second and more ambitious initiative would be to obtain a sustainable fisheries certification for leading species of Gloucester-caught seafood. A sustainable fisheries ecolabel can be obtained from the Marine Stewardship Council, an international nonprofit, through a third-party certification process. Certification assures buyers that fish comes from a well-managed and sustainable source, strengthens the harvester's position against competitors, and can help gain a price premium similar to that obtained for organic produce. A growing number of fisheries throughout the world are pursuing and gaining certification.

Certification must be obtained for different species and gear types, so local fishermen would have to decide which species are most important to target for certification. It involves three phases:

- Pre-assessment — a confidential initial examination to decide whether the fishery is ready to proceed with full assessment.
- Assessment — a seven-step process to determine whether the fishery meets the Marine Stewardship Council (MSC) standard. The process is led by a third-party certifier hired by the fishery.
- After assessment — fisheries must arrange for an annual audit of the fishery to document maintenance of sustainable practices.

The certification process is very rigorous and involves significant cost. Anecdotal information from the MSC indicates that the current cost of certification typically varies between $15,000 and $120,000. In some cases, states such as Alaska have funded fisheries to undergo the certification process. In addition, grants are available to subsidize costs from organizations including the Sea Change Investment Fund and the Sustainable Fisheries Fund.

Despite the costs of certification, the industry in other parts of the world has nonetheless decided to underwrite them in the knowledge that certification of sustainable standards and practices is becoming increasingly important in the marketplace. Independent third-party certification can also demonstrate to policymakers and the general public that the fisheries are being protected and can help to generate support for regulatory standards that recognize the responsible stewardship practiced by the local industry.

Implementation. Implementation steps for these marketing efforts should include the following:

- Work with the state legislative delegation and the Massachusetts Fishermen's Partnership to obtain legislation and funding to expand the State's produce marketing efforts to

include seafood. This should be done in collaboration with New Bedford and other seafood producing areas of the state.

- Ensure that a mechanism is in place to enable fishing industry representatives to play a major role in designing the campaign and developing marketing tools.
- Work with the local fishing industry to explore pursuing sustainability certification. This would involve developing an outreach and education campaign to Gloucester's two sectors and other local fishermen, holding discussions to determine which species and gear-type harvesters are interested in pursuing certification, raising funds, and managing the certification process. If local fisherman wish to collaborate on certification with fisherman based in other ports, the Northeast Seafood Coalition could be approached to coordinate such efforts.

➔ ***Vessel-based Marine Research.*** A different kind of opportunity to increase industry revenues is through developing supplementary uses for vessels and crew. One example is tie-ins with marine research. Massachusetts is a large and growing center of marine research, and field research sometimes involves the leasing of commercial fishing vessels and crew. Efforts to increase marine research activities in Gloucester (see below) could include development of an information exchange that would help researchers identify and hire available vessels and crews. Another example of this approach is to use fishing vessels for eco-tourism excursions during down times from fish harvesting.

Implementation. Implementation steps for this initiative should include the following:

- Identify research vessel users in New England, including NOAA and other federal agencies, research institutions such as Woods Hole Oceanographic Institute and the university Sea Grant programs, and private businesses such as marine biotech companies.
- Inventory local vessels available for research by vessel type.
- Conduct outreach to research vessel users through development of marketing materials and contacts with vessel procurement officers.
- Submit information to become included in vendor lists and update information as necessary.
- Include listings of fishing vessels available for research on the City's new marketing website and market the website to vessel users.

➲ **Develop workforce training programs.**

As the fishing industry workforce ages, shortages in trained fishing crews and technical workers (e.g., vessel mechanics) are likely to emerge. Industry jobs are becoming increasingly skilled because of more advanced technology and more complex regulatory requirements. The industry does not view this as an immediate issue given the instability in the industry and uncertainty about future workforce needs. However, the situation should be monitored and, as needs arise, appropriate programs developed through partnerships between the local industry, Gloucester High School, area workforce training organizations, and industry organizations such as the Massachusetts Fishermen's Partnership. This could be done as part of larger efforts to develop

maritime education activities in Gloucester Harbor, as described below. A number of past training efforts, including those conducted at the Fishermen's Wives Resource Center, should be examined as potential models for new programs.

Attention should also be given to strengthening employment support services for the existing fishing workforce. For example, The Fishing Partnership Health Plan is proposing to establish a "Family Human Resource Department" to provide human services to fishermen and their families. Local organizations serving the commercial fishing industry should support and participate in such efforts.

Visitor Economy

The harbor's working port and its many historical, cultural, and recreational attractions already make tourism a significant component of the harbor economy. At the same time, it is widely believed that the tourism potential of the harbor has not been fully tapped. This is attributed to a number of factors, but three appear to be the most significant. One is marketing. While tourism organizations and businesses already conduct marketing activities, there is no single brand or coordinated marketing effort, funds are limited, and marketing does not reach all important media and market segments. Another factor is access limitations. Reaching the harbor by land and water, and circulation once there, is difficult. Finally, the area lacks any hotel facilities. This limits the area's ability to attract more visitors to the area for more extended time periods and to host business and professional meetings and events. Addressing these three issues is key to bringing more visitors to the harbor, which will, in turn, generate more revenues for local tourism-related businesses, create more jobs, and stimulate additional investment, new business and property development, and tax revenues.

Other measures to increase tourism include adding to the mix of attractions and events (particularly during the shoulder seasons) and improving the physical appearance of the area through public investments in infrastructure and amenities. Connecting the downtown and harbor through physical and visual connections will increase visitation to both areas and create more of a synergistic relationship. Physical improvements to and infill development along Rogers Street and creation of a continuous harborwalk with connections to the downtown will significantly enhance the identity and visitor experience of the harbor and the central business district as outlined in more detail below. The city should also meet regularly with key tourism businesses and organizations to identify issues impacting the industry that can be addressed through collaborative efforts.

- **Strengthen and coordinate tourism marketing.**

Three local organizations currently play leading roles in tourism marketing: the Cape Ann Chamber of Commerce, Seaport Gloucester Destination Marketing Organization (DMO), and the City's Tourism Commission. One important way to improve the effectiveness and efficiency of marketing would be for these three organizations to establish a coordinated marketing strategy. This could involve developing a common "brand" with themes and graphics, producing common marketing materials, developing a single web portal, providing a comprehensive events calendar, and coordinating outreach to media and key market segments. A coordinated approach would

also facilitate collaboration with regional organizations including the North of Boston Convention and Visitors Bureau and the Essex National Heritage Area. Marketing the harbor should continue to be part of a larger effort to market all of Gloucester's tourism attractions.

One promising approach to branding would be to build on the emerging concept of "geotourism," described in the *Visitor Economy Discussion Paper*. This concept is consistent with the community's desire to pursue harbor tourism development in a manner that builds on rather than diminishes the harbor's authenticity. The Center for Sustainable Destinations, affiliated with the National Geographic Society, is a potential resource to assist with this approach.

Implementation. The key implementation task for tourism marketing is for the organizations currently involved in marketing to develop stronger working relationships and a more coordinated approach. This will involve:

- Form a working group with representatives from each of the three organizations and downtown merchants.
- Begin by organizing regular meetings to exchange information and discuss how best to develop a coordinated approach to marketing.
- Develop a joint strategic marketing plan that lays out goals, strategies, priorities, and milestones, clarifies roles and responsibilities of each partner, and develops a combined budget.
- Develop memorandum of understanding that formalizes the working relationships among the partners and defines respective roles and responsibilities.

Once this coordination process is developed, a second step would be to assess the adequacy of marketing funding. If existing funding resources are deemed inadequate, a coordinating fundraising plan should be developed.

➲ **Improve access and circulation.**

A number of measures should be taken to improve access to and circulation within the harbor.

➔ ***Land access.*** Access by land is constrained by traffic congestion and limited parking. Measures to address this problem, many of which have been recommended or attempted in the past, include the following:

- Restrict on-street truck parking on Rogers Street to certain areas such as west of Harbor Loop Road and/or or provide secure truck parking near Route 128.
- Limit truck loading zones to off-peak hours.
- Limit bus parking and establish a staging area at Gloucester High School or near the Blackburn Industrial Park.
- Provide satellite automobile parking with shuttle services and marked walkways to downtown and the harbor at locations such as Fort Stage Park or Gloucester High School during the summer months. Gloucester High School is the preferable location because

shuttles would not have to cross the Blynman Bridge, which becomes congested when the bridge is raised for boat traffic.

- Construct a parking garage downtown, possibly as part of a mixed-use project.

The City should take a staged approach to addressing this problem, starting with the easiest and least costly solutions, assessing their effectiveness, and then considering more aggressive measures if the initial actions prove inadequate. As such, it would likely make the most sense to start with satellite parking and truck and/or bus staging areas. This could be limited to the summer months when traffic and parking pose the greatest problem.

Implementation. The key implementation steps for these initiatives include the following:

- Examine the feasibility of alternative locations for large truck and tour bus staging areas and satellite parking and select the most favorable locations.
- Negotiate use of the selected locations with the controlling City agencies (e.g., the School Department).
- Develop traffic management and maintenance plans for the site and determine budgeting and staffing needs.
- Work with the Cape Ann Transportation Authority to establish a shuttle service from the satellite parking lot to the downtown/harbor area and, if necessary, to obtain federal or state transportation funding to subsidize operating costs (a small passenger fare could be charged to defer some of the cost).
- Develop traffic regulations requiring use of staging areas by large trucks and tour buses during specified times.
- Develop informational programs to inform tour bus and truck operators and companies using truck freight services of new regulations.
- Insert information on satellite parking into tourism websites.
- Install wayfinding signage to direct users to staging areas and satellite parking lots.
- If satellite parking is within walking distance of downtown and the harbor (this should be one criterion for site selection), develop a marked walking route or special walkway from the parking lot to the downtown/harbor area. For example, if the high school parking lot is selected, a riverwalk could be developed along the Annisquam River to Stacy Boulevard. This has already been included in the City's open space and recreation plan.

Implementation should be led by the Community Development Department in coordination with the Traffic Commission and the Department of Public Works.

➔ ***Water access.*** Many visitors come to Gloucester by boat, but have difficulty accessing the harbor and downtown because of limited transient recreational berthing and public dockage. A number of suggestions, some of which were listed in the Harbor Plan, have been made to address this problem.

- Allow shared use of facilities built for commercial vessels by recreational vessels for a short duration (e.g., one night).

- Use temporary bottom-anchored floats or rafts available for recreational vessels (licensed by the harbormaster via Section 10A permits on an annual basis).
- Create additional dinghy tie-ups at Harbor Cove and/or Solomon Jacobs Landing.

The State Department of Environmental Protection's DPA advisory group is currently considering changes to DPA regulations that could allow additional recreational berthing, and is expected to make recommendations shortly. These may include:

- Clarifying that annual Section 10A permits can be issued by the harbormaster for seasonal, bottom held moorings for recreational vessels in DPAs.
- Allowing some recreational use of slips in DPAs if approved through a municipal harbor plan. The size and location of these slips could not impact adjacent marine industrial uses, and a requirement to provide a marine industrial slip for each recreational slip permitted may be imposed. (Even if approved, this change could not be implemented in Gloucester until 2012, when the Harbor Plan is next slated for review and revision.)
- Allowing some recreational vessels if they are part of a boatyard facility.

The planned reconstruction of the Harbormaster's Dock at Solomon Jacobs Park could provide transient dockage for a water shuttle and other vessels. However, under DPA regulations, it cannot be used for tie-ups of recreational vessels even for short time periods.

Another frequently discussed option is the development of a water shuttle. Shuttle services have been operated in the past, but have not proven to be financially self-sustaining. As currently envisioned, a water shuttle operation would be based at Stage Fort Park and could provide access to various locations including Harbor Cove, Solomon Jacobs Landing, Cripple Cove, Rocky Neck, and Pirates Lane. It might also include stops at outer harbor marinas to accommodate transient boaters using those facilities.

The City commissioned the Harbor Transportation Plan Feasibility Study in 2008 to evaluate the physical and financial requirements of creating a harbor shuttle for providing seasonal water transportation services and an associated marina and parking facility at Stage Fort Park. The study estimated that construction of the facility and acquisition of shuttle boats would cost in the order of $3.3 million, and operating costs would be about $424,000, with estimated annual revenues of approximately $572,000 based on revenue from ferry tickets, parking fees, and marina slips included in the facility design. Local officials believe that the cost would be substantially less if the marina (which would likely encounter environmental permitting problems in any case) were excluded and less expensive vessels were used. Agreements could also be negotiated with owners of commercial properties used for shuttle stops to provide financial support for shuttle operations.

Another action that could increase visitation to Gloucester by transient recreational boaters would be dredging the Annisquam River. Gloucester Harbor has traditionally been a natural destination port for transient recreational boats moving north and south. These boats stop in Gloucester on their way to or from the Cape Cod Canal and use the Annisquam River as a shortcut. However, the silting in the Annisquam is a deterrent to many deeper draft boats,

and once they go outside of Cape Ann many continue on without stopping. The Annisquam River, which is the start of the Federal Intercoastal Waterway, is required to be kept to a depth of eight feet at mean low water, but is now at only three to four feet. The City has been petitioning the Army Corps of Engineers for several years and is currently working with the area's congressional delegation to obtain federal funding. Reopening the river to larger boats would be a significant economic boost to Gloucester Harbor.

It is beyond the scope of this study or the expertise of the consultants to assess the relative feasibility or desirability of these or other options. However, given the attention this issue has generated, it is important that action be taken. Since this issue falls primarily under the purview of the Waterway's Board, the board should be asked to lead a comprehensive effort to improve water access to the harbor by visitors and transient vessels, working with the Community Development Department and representatives of the visitor industry and harbor property owners. Any such actions should be consistent with recommendations in this report related to maintaining adequate commercial dockage for the fishing industry.

Implementation: Key implementation steps include the following:

- Install bottom-anchored floats for day mooring by transient vessels and provide dock space for dinghy tie-ups.
- Enter into negotiations with the State Department of Environmental Protection to grant an exception to DPA regulations that allow for short-term berthing of transient recreational vessels at Solomon Jacobs Pier once renovations are completed.
- Review and revise, as appropriate, the Harbor Transportation Plan Feasibility Study by studying less costly alternative development and operating scenarios for the harbor shuttle.
- Review the results of the revised feasibility study with the Mayor and City Council, and decide whether there is sufficient potential for financially feasible operation to proceed with further planning.
- If a decision to proceed is made, develop a detailed financing and operating plan and seek necessary capital and operating funding from state and federal sources, including Seaport Bond funding and federal and state transportation funding.
- Continue to work with the congressional delegation to obtain funding for Annisquam River dredging.

➔ ***Harborwalk.*** Extending the harborwalk along the "Inner Harbor" area as a means to improve pedestrian access to and along the harbor for residents and visitors, improve the physical appearance of the harborfront, strengthen connections between the harbor and downtown, and stimulate property investment has been identified as a goal in various planning documents over the past several years, most recently in the 2009 Harbor Plan/DPA Master Plan. The existing harborwalk is very limited and extends from the southerly end of the St. Peters Square parking lot to and including the Latitude 48 property.

While there are some physical, operational, property ownership, and financial constraints to creating a continuous harborwalk along the shoreline (such as the large amount of private property along the waterfront and the presence of active berthing and/or marine industrial uses or security issues), there is opportunity for significant expansion particularly within the non-industrial portions of Harbor Cove. This area contains several facilities of public accommodation and is just one block from the downtown area. Within Harbor Cove, the City owns some waterfront parcels including St. Peters Square, Solomon Jacobs Park, and the recently purchased I4-C2 parcel and, therefore, has the ability to maintain, improve, expand, and create new harborwalk facilities. For private properties, the City can employ other methods to implement the harborwalk plan including outright land acquisition, securing easements, and/or through the Chapter 91 licensing process for non-marine industrial uses proposing use changes and/or facility expansions.

The Proposed Future Harbor/Downtown Public Realm Plan shown on the map on page 89 presents a guide for implementing public access improvements to and along the waterfront in the Harbor Cove area and between the harborwalk and the downtown over time. Importantly, while the waterfront in this area is located in the State Designated Port Area, public access is considered "water-dependent use" and is an allowable use in the DPA. Once fully implemented, the harborwalk would connect Stage Fort Park and Stacey Boulevard to the Cruiseport Terminal. Similarly, connections between the harborwalk and the downtown, which is another important goal of the City, can be easily accommodated along existing streets in some locations. Elsewhere, such as at the I4-C2 parcel, access is complicated by large grade differentials between the harborwalk and Rogers Street.

Even where the harborwalk cannot be located along the water's edge, the continuity and integrity of the walk should be maintained separate from roadways.

To enliven and enrich the harborwalk experience, interactive programming could be incorporated into the design. The harborwalk could include installations that provide various interpretive features that focus on the history and current maritime and art/cultural heritage of the city. The creation of story loops of existing and historic commercial fishing and maritime industries would attract more visitors and provide a more welcoming and interesting environment along the harborwalk. Public art could also be used to interpret the unique culture and history of Gloucester and also as a means of education. Imbedding public art pieces into the sidewalks or in strategic locations could also help with wayfinding and downtown/harbor identity.

Completing these improvements would require the City's commitment and, in the case of private property, cooperation with private individuals and/or corporations. The City expects that significant funding could be obtained from the Seaport Council and is currently pursuing this opportunity.

In addition to completing the harborwalk, other actions to improve pedestrian circulation in the harbor area include sidewalk improvements, particularly along Commercial Street and in East Gloucester, as well as improved wayfinding signage.

Creating better circulation between the harbor and downtown is further discussed in the downtown development section of the recommendations below.

Implementation. Completion of the harborwalk involves the following implementation steps:

- Finalize the harborwalk route.
- Develop design standards.
- Investigate alternative methods to activate the harborwalk such as narrated tour downloads for iPods, interpretive signage, etc.
- Work with private property owners to secure right of way and/or easements for the harborwalk.
- Identify funding sources and secure funding.
- Develop final design plans.
- Complete construction.

These efforts should be led by the Community Development Department, working with the Department of Public Works.

➲ **Promote downtown hotel development.**

Gloucester has the potential to attract a hotel development in its downtown to support its visitor economy. With its proximity to the waterfront, historic character, and stores and restaurants, the downtown is a strong location for a boutique hotel. In addition to providing new investment and tax revenue for Gloucester, a downtown hotel will add to the customer base for area businesses and support nighttime activity. The hotel should be located adjacent to but outside the DPA and Marine Industrial District.

To help bring a hotel to the downtown, the City should proactively work to solicit a hotel developer and operator through identifying suitable sites for a hotel, working with the site owners to confirm their interest in offering their properties for a hotel, and then packaging a solicitation of interest for potential developers. After developers express interest, the City can work with the property owner to review the proposals and determine the most feasible proposal(s) and developer(s) with which to proceed.

Two other City actions can also accelerate a downtown hotel development. First, since hotel development can be hard to finance, particularly in the current economic and financial market environments, the City may want to consider using its HUD 108 authority (or other economic development loan funds) for either a partial loan guarantee or subordinated loan. Second, a resolution by the City Council indicating its support for a hotel project at the preferred sites may help address developer concerns and uncertainty about whether a final hotel development would gain City Council approval. The City Council will still have to formally approve a project, if required under the zoning ordinance, but the resolution would provide a signal that the City Council is supportive of this use at the identified sites.

Implementation. The key implementation steps to attract a hotel development are:

- Identify and review potential sites as suitable for a hotel development based on location, size, existing building conditions (if applicable), zoning, and other considerations.
- Meet with owners of the suitable sites to determine their interest in selling or otherwise making their properties available for a hotel development (e.g., via a long-term lease or as development partner). Determine which sites can be included in a developer solicitation.
- Determine whether HUD 108 financing and/or other loan funds (i.e., Gloucester Investment Corporation or the City's revolving loan fund) will be offered to supplement conventional financing of the hotel.
- Secure a City Council resolution in support of a hotel development at the sites.
- Prepare a developer's kit and solicitation that provides background on the (1) Gloucester and Cape Ann visitor market, hotel market, and evidence of market support for a hotel; (2) city and regional tourism development efforts; (3) the potential development sites and the terms under which they are available; (4) potential City and other civic loan fund financial support for a project; (5) City Council resolution.
- Issue the development solicitation
- Review development proposals and advise property owners on which proposals are strongest.
- Facilitate negotiations between preferred developers and property owner(s).

This process should be overseen by the Gloucester Community Development Department and would primarily require staff time with some supplemental funding to print, advertise, and distribute the developer solicitation. The preparation of the developer solicitation materials could be done in-house.

➲ Selectively develop additional attractions and events.

Gloucester already has a wealth of visitor attractions and events, particularly during the summer months. Moreover, a number of new attractions and events have recently, or are scheduled, to come online. The City and the visitor industry should focus primarily on maintaining and enhancing these assets. At the same time, industry members have identified a number of potential new initiatives that could build on the existing visitor base and increase industry revenues.

- Develop more shoulder season events to extend the tourism season.
- Work with the arts community to expand arts-based tourism.
- Develop additional shore activity programs for cruise ship passengers.
- Develop additional opportunities for visitors to view and learn about the working waterfront, including fishing vessels, vessel maintenance and repair activities, seafood processing, and marine research.
- Integrate complementary activities into packages though joint ticketing.

- Develop an appropriate site for the Schooner Adventure.

A partnership of the Cape Ann Chamber, Seaport Gloucester, and the City's Tourism Commission, as described above, should lead the industry in formulating a tourism development plan that prioritizes efforts to both strengthen existing tourism activities and undertake new initiatives, and oversee implementation of these efforts.

Maritime Industry

Our research on the maritime industry identifies concrete growth opportunities in marine research and education as well as marine industries such as advanced boatbuilding, aquaculture, and marine alternative energy. At the same time, these economic activities have yet to establish a strong foothold in Gloucester, so their potential for generating local business development remains speculative. Testing this potential will require a strong market development effort. If this effort yields results, it can create local jobs, draw people to the harbor, stimulate additional demand for harbor properties, and generate business and property investment. Consequently, establishing a market development initiative is the initial priority for this leg of the harbor economy. A second potential step, depending on the outcome of the market development effort, is to undertake or promote the development of specialized multi-tenant facilities for research, education, or small enterprises.

The State Department of Environmental Protection has already indicated flexibility in allowing certain marine uses that do not use the harbor directly. The City has had preliminary discussions with DEP regarding the following uses and DEP has agreed that the list has merit for more in-depth discussion, at least as Supporting DPA Uses, over the next year.

- marine-related research that does not utilize the harbor directly;
- marine-related education;
- marine research institutions;
- marine biotechnology; and
- ocean and tidal energy research that does not utilize the harbor directly or that utilizes other harbors.

These uses would have to be confirmed with DEP in order to establish an appropriate focus for market development efforts. The City, working with its state legislative delegation, should pursue discussions with DPA to get a definitive determination on these uses as soon as possible.

➲ **Establish a Maritime Industry Development Unit within the Community Development Department.**

The Community Development Department is currently responsible for a number of business development and harbor development functions within the city. It provides information and assistance to businesses seeking to locate in Gloucester, oversees harbor planning, reviews development proposals, and manages business financing and tax incentive programs. It also recently established a small loan fund targeted to maritime businesses. While these services will be important to efforts to develop the local maritime industry, the department should hire a maritime industry specialist to lead a more aggressive and coordinated industry development effort. The primary responsibilities of this staffer will be to develop and implement a marketing program targeted to maritime businesses and research and educational institutions, to assist organizations and firms considering a Gloucester location to find appropriate sites and navigate local and state regulatory approval processes, and to facilitate applications for state and local financing programs and tax incentives. The staffer should also work with the staff of the Fisheries Commission on matters of common interest such as promotion of cooperative fisheries research. The individual hired for this position should have extensive knowledge of the maritime field and strong marketing skills. The position should initially be halftime, but this should be reassessed after six months and extended to full-time if warranted by workload.

The Community Development Department should organize an advisory committee to help shape these efforts and guide their implementation. The committee should be comprised of individuals with backgrounds in maritime industry, research, and education. The committee should advise the department on the design of the marketing program and could also be tapped to assist with business and organizational outreach efforts.

➲ **Initiate a market development program.**

The first task of the Maritime Industry Development Unit should be to design and implement a targeted marketing program. The program should have two targets, each requiring its own marketing approach: 1) maritime research and education institutions; and 2) marine technology businesses.

➔ ***Marine research and education institutions.*** This should start with outreach to research and education institutions such as MIT, UMass Marine Sciences, Salem State College, Woods Hole Oceanographic Institute, University of New Hampshire, and particularly those institutions and individuals who have already expressed an interest in locating or expanding research and educational facilities in Gloucester. Maritime research and education activities are often highly fragmented within institutions, and it will take some time and effort to identify various research and education departments and staff who may be interested in the locational advantages and infrastructure offered by Gloucester. After initial intelligence gathering, the City could inventory the properties, vessels, and other infrastructure that address identified needs. The next step would be to broker relationships between interested researchers and educators and property owners, vessel owners, skilled tradesmen, and other businesses. If facility investments are required, the City could collaborate with the institution

on state or federal funding proposals. These efforts should be undertaken in close collaboration with property and vessel owners, and related marine businesses.

➔ ***Marine technology businesses.*** One of the targets of the website being developed for this project should be marine technology businesses. The website could be used to provide general information about what Gloucester offers as well as to market individual properties. Marketing staff and/or volunteers could also become members of key industry, professional, and trade associations (including associations for researchers and educators) to facilitate networking and develop greater awareness of Gloucester, and to track key industry, education, and research trends. The City could also attend or even offer to host trade organization events. It could also explore using new social networking technologies as a marketing tool. The City could work with the recently established North Shore Alliance for Economic Development to leverage its regional marketing efforts.

➔ ***Commercial Vessels.*** Opportunities may arise to expand use of the port by commercial vessels outside the commercial fishing industry. These include passenger ferries, small cargo vessels, off-shore LNG port service vessels, and off-shore wind and ocean energy facility service vessels. The city should market the port to commercial vessels on its economic development website and respond to inquiries from commercial vessel operators as they arise. If particularly strong opportunities emerge, the city should work with owners of unused or underutilized dockage, as necessary, to repair or reconstruct dockage to accommodate these vessels.

Implementation. Implementation of the marketing program should include the following steps:

- Develop marketing materials aimed at each target group detailing Gloucester's locational advantages, including harbor infrastructure, available harbor properties, available vessels and crews, proximity to marine habitats, and community amenities.
- Develop a list of target maritime research and education institutions and key decision-makers within those institutions.
- Recruit knowledgeable local volunteers to assist with outreach activities.
- Conduct outreach visits to maritime research and education institutions and maintain follow-up contacts.
- Join and attend conferences of regional organizations or regional chapters of national organizations in the marine science and technology field, including the Marine Technology Society and the Marine & Oceanographic Technology Network.
- Host small meetings of marine science and technology organizations that can be accommodated by Gloucester's existing meeting facilities.
- Place advertisements in marine science and technology publications, particularly those with a New England regional focus.
- Develop pages on the City's new marketing website targeted specifically to maritime research and educational institutions and marine technology businesses. In addition to describing Gloucester's locational advantages, the website's interactive database will

help users identify available properties and research vessels. The database should be designed with the input of potential users to provide the key information needed to determine the suitability of properties and research vessels to user needs.

- Provide hands-on assistance to prospects in identifying appropriate properties or vessels, negotiating lease or use agreements, gaining state and local regulatory approvals, obtaining federal, state, or local financial assistance, and addressing other needs to facilitate location in Gloucester.
- Develop a page on City's new marketing website targeted to commercial vessels outside the commercial fishing industry. The website could provide information on existing dockage and dockage that could be repaired or redeveloped to accommodate commercial vessels, and on shore-side infrastructure and services available to these vessels.

In the longer run, the City should consider consolidating all business marketing functions under a strengthened Gloucester EDIC with a broader mandate to market the entire city and more active business engagement. This would promote a more coordinated marketing effort and could draw on EDIC's powers to finance commercial and industrial property development for new and expanding businesses.

➲ **Develop specialized facilities.**

If information gathered through the market development program indicates potential demand for certain types of specialized facilities to meet institutional development needs (i.e., public or nonprofit research and education facilities) or business needs, the City should work with institutions or property owners to develop such facilities. These could include standalone research centers, a marine education center, multi-tenant research and educational facilities for small-scale or periodic field activities, or multi-tenant facilities for small marine technology businesses. A facility might also combine research, education, and small business space. Conducting a feasibility study would likely be the first step in determining demand for such a facility.

The Quest Center in New Bedford, sponsored by the University of Massachusetts –Dartmouth, is one potential model for a research/small business multi-tenant facility.

Non-maritime Small Professional, Technical, and Creative Enterprises

➲ **Market the harbor to small professional, technical and creative enterprises.**

The increased allowance for supporting uses within the DPA to 50 percent should provide greater opportunities to attract these types of businesses. Because small firms typically locate close to the homes of the firm owners, the target market for these firms should primarily be the North Shore and, secondarily, metro Boston. Marketing should emphasize the setting and amenities of a harbor location.

Businesses exploring potential locations increasingly obtain information through websites and social media platforms. This is particularly true of startup and early-stage businesses owned by younger entrepreneurs. Consequently, marketing to these firms should focus primarily on digital

media. In addition to tailoring the City's marketing website to this target group, a "share" feature should be added to the website to enable viewers to share information with their social networks through platforms such as LinkedIn and Facebook. The marketing staff can join relevant social networking groups such as the Salem State College's Enterprise Center group on LinkedIn to keep area entrepreneurs updated on information such as available space and new business openings. Information can also be posted on site search websites such as Zoom Prospector.

Marketing staff should also work directly with staff of local small business assistance organizations such as the Cape Ann Business Incubator and Salem State's Enterprise Center to identify and assist businesses that have outgrown their incubator space or are otherwise seeking a new location. Marketing could also be targeted to visitors by developing a brochure on locating a business in Gloucester and distributing it at tourism information sites.

In addition to marketing, the City should explore adding amenities in the harbor area that are attractive to small technology and creative companies. One amenity that may be particularly attractive is free WIFI. Certain public WIFI systems have been developed that can be installed easily and at relatively low cost.

Implementation. Implementation steps for these activities should include the following:

- Develop content and features targeted to this market as part of the development of the City's new marketing website.
- Research social media platforms and identify appropriate marketing vehicles and techniques.
- Recruit local small business volunteers to support marketing efforts within their own social networks.
- Develop relationships and communications protocols with local and regional small business assistance organizations.
- Develop feedback mechanisms to monitor the results of marketing efforts and refine activities accordingly.
- Develop and distribute a brochure targeted to visitors at tourism information sites.
- Explore the feasibility of installing a WIFI network in downtown and harbor areas.

The Community Development Department's new maritime industry specialist should play the lead role in marketing efforts since these would be complementary to his or her other marketing activities. The City's Information Technology Services Department could be tasked with the WIFI study.

Stimulating Property Investment

Many of the initiatives proposed in this plan will, if successful, increase demand for harbor properties and promote property investment. As such, property owners should be engaged to support and actively participate in these efforts.

While property owners express serious concerns about restrictions imposed by DPA regulations, these are unlikely to change in the short-term. If aggressive efforts to market and develop the harbor within DPA constraints do not result in sufficient demand and property investment, the City will be in a stronger position to negotiate changes to the DPA in the future. Absent changes in the DPA, the City can institute local measures to reduce regulatory burdens, which are described below. This is followed by discussion of potential changes to the DPA to promote additional investment while still preserving maritime uses. These could form the basis for discussions of potential DPA changes when the Harbor Plan is revisited in 2012, if such changes are still considered necessary to stimulate property investment.

- **Streamline local regulatory processes and assist property owners with state regulatory approvals.**

The regulatory environment within which prospective development proposals must be reviewed is very complex and includes local zoning and wetland reviews as well as State Chapter 91 licensing and DPA compliance. Simplifying and/or streamlining and encouraging transparent reviews will reduce concerns regarding development costs and timelines.

A wide variety of uses within the City's Marine Industrial Zone requires special permits. This includes, among others, boat launching and docking structures, marine-related services, vessel storage and repair facilities, transportation terminals, and restaurants. The current zoning ordinance places jurisdiction over the issuance of special permits with either the City Council or the Zoning Board of Appeals, depending on the type of use involved. Most uses are under the City Council's jurisdiction. Additionally, the City Council issues special permits for alterations in wetland resource areas that include Gloucester Harbor under the lowland provisions, which the Gloucester Conservation Commission already reviews as do other state and federal agencies.

In addition to requiring special permits for the above-mentioned uses and activities in wetlands, the City recently adopted Site Plan Review as suggested in the Harbor Plan as a means to ensure that development projects comply with the DPA Master Plan provisions. While Site Plan Review does not require a public hearing and the Planning Board approval is not "appealable," it does add another step in the development review process.

The City also recently adopted the provisions of State Chapter 43D, which guarantees a 180-day permitting timeline for priority development sites designated by the City Council. 43D designation also gives the City priority in obtaining State Community Development Action Grants and Public Works Economic Development Grants for public infrastructure investments tied to designated projects. The City should consider designating the I-4 C-2 site as a priority development site, and should pursue discussions with potential hotel sites and owners of major vacant and underutilized properties about obtaining designation.

To minimize unnecessary and/or redundant review, the City should ensure that the new Site Plan Review process proceeds in a manner that makes the special permit review process less complicated and does not add to the development review process.

The City should also assist property owners interested in redevelopment that is not solely marine industrial to prepare Chapter 91 licensing applications and participate in pre-application meetings with DPA Waterways to discuss possible redevelopment opportunities on a parcel-by-parcel basis.

- **Market harbor properties.**

Harbor properties available for sale or lease should be marketed on the City's new economic development website, as described in the maritime industry recommendations above.

- **Monitor trends in harbor property utilization and explore potential modifications to the DPA if warranted.**

The current DPA boundary is expansive and includes the Harbor Cove, Industrial Port, and East Gloucester Waterfront. Within the boundary there are non-marine industrial uses, including restaurants as well as residential and office uses. There are also large recreational marinas and associated land-based facilities in East Gloucester and the Inner Harbor that are used for non-marine industrial uses. The existence of the DPA has placed significant use and expansion restrictions on these properties and is viewed by some as a significant factor limiting investment and economic diversity in the area.

Over the next five years, the City and the committee established to oversee implementation of this plan, (see Page 103) should monitor the effectiveness of harbor economic development initiatives and of the 50 percent supporting use provision of the Harbor Plan to determine if they have led to measurable progress in stimulating additional investment and growth in the Designated Port Area. If at the end of this period, there remains significant underinvestment in and underutilization of properties within the DPA, consideration should be given to requesting changes to the DPA boundary to facilitate redevelopment in appropriate locations and/or an increase in the percentage of allowable supporting commercial uses.

Proposed changes to the boundary would require the preparation of analyses and documentation that clearly demonstrate why such changes should be made. Such changes would require local and state approvals.

Promoting Downtown Development and Downtown-Harbor Linkages

Downtown is generally viewed as on the upswing in recent years and, based on the results of the business survey, most downtown businesses are optimistic about their future. At the same time, downtown would benefit from a more coordinated approach to currently fragmented marketing and business development activities. In addition, both the downtown and harbor economies would benefit by initiatives to mitigate the disconnection created by Rogers Street through streetscape improvements and efforts to promote property development along Rogers Street. Visitor access and parking is also a major concern of downtown merchants and is addressed separately in the Visitor Economy section.

➲ Establish a Main Streets Program.

Downtown business development and marketing activities are undertaken by the Downtown Development Commission, the Cape Ann Chamber of Commerce, and ad hoc activities by downtown merchants (e.g., block parties). These efforts could be managed more effectively and have greater impact if they are integrated into a single organization that can coordinate activities and integrate marketing into a comprehensive downtown development and management program. A single downtown organization could also coordinate more effectively with the tourism industry.

A model that has been successfully implemented throughout the U.S. is the National Trust for Historic Preservation's Main Streets Program. The Main Streets model is a community-driven, comprehensive strategy used to revitalize downtown and neighborhood business districts. It has four components:

- Organization — developing a sustainable organizational structure involving board, volunteers, and limited staffing.
- Promotion — advertising, retail promotional activity, special events, and marketing campaigns.
- Design — improving physical appearance through coordinated design standards, public and private investments, and ongoing maintenance.
- Economic restructuring — recruiting businesses to create a more competitive business mix.

Main Streets programs are generally public-private partnerships with participation and funding from both government and the downtown business community. In Boston, the City has also lined up corporate sponsors to provide additional funding. The National Main Street Center provides extensive informational materials, technical assistance, and educational events. Main Streets programs are usually governed by a volunteer board with four committees organized around each of the four components and a full-time Main Streets manager. A typical annual budget for a Main Streets Program is $80,000 to $100,000. Although this level of funding may not be feasible now, the City and Chamber can put a Main Streets Program in place that is based on volunteers and that uses existing staff on a part-time basis — perhaps with a City and Chamber staff person each assigned to work with the committees. As the economy improves and the Main Streets Program develops a track record, it may be possible to raise funds to have a dedicated Gloucester Main Streets manager.

As a first step, Community Development Department staff should research the Main Streets model and distribute information about the program to organizations involved in downtown development and ad hoc merchants groups in order to generate feedback about whether a Main Streets program is appropriate for Gloucester and how it might be implemented. The National Main Street Center can serve as a key resource in this regard. If there is sufficient interest, the Mayor should convene key stakeholders and obtain a commitment to establish a formal working group that will work collaboratively to implement the program. If this can be achieved, the next

step will be to design the program, establish a formal organization with a coordinating board and committees, and develop a funding plan. With this in place, the Main Streets Program can define its priorities and annual work plans, and assign responsibilities to committee volunteers and staff.

Implementation. Key implementation steps include the following:

- Conduct research and gauge stakeholder interest.
- Establish a working group to develop the program.
- Establish a formal coordinating committee with committee chairs and others.
- Commit City Community Development Department staff to support implementation of Main Streets activities. Obtain resource commitments from other stakeholder groups.
- Develop priorities and work plans for each committee, including short-term projects to enhance the downtown and establish credibility for the Main Streets Program.
- Pursue foundation grants and corporate sponsorship to help fund the program and priority projects.

➲ **Invest in streetscape improvements to strengthen downtown-harbor linkages.**

A number of public infrastructure investments should be made to strengthen physical linkages and promote cross-traffic between downtown and the harbor, some of which have been described in earlier studies (notably the Gillham and Gander Study).

Creating consistent streetscape designs will link the areas and provide visual cues. The north/south running street connections should be improved widening sidewalks where possible and providing wayfinding signage to direct pedestrians between the two areas. On Roger Streets, pedestrian safety would be improved by creating "bulb outs" as well as marked crosswalks at the intersections of the north/south cross streets, which would decrease the length of street crossings and provide opportunity for signage, seating, and landscaping similar to improvements on Main Street. Streetscape improvements should be made to three key harbor/downtown connection pathways, including Porter, Parsons, and Hancock streets, and the Duncan Street/Police Station Plaza. Sidewalk repairs should also be made on all streets, as needed.

There are two defined gateways to the downtown/harbor area. Washington Street at Rogers and Main streets forms the westerly gateway, while Flanagan Square located at the intersection of Rogers and Main streets forms the easterly gateway. Both of these gateways contain heavily traveled multi-legged intersections and could be improved with traffic calming measures, streetscape treatments, and signage to better announce arrival to the city's downtown/harbor area and direct visitors to key destinations, districts, and parking.

Funding is critical to undertake these physical improvements, so identifying the funding sources and securing needed grants is the first critical implementation step. Funding options include:

- State Transportation Public Works Economic Development Grant (PWED);
- Community Development Action Grants (CDAG);

- District increment financing — formation of a defined district in which incremental tax revenues would be used to fund the improvements;
- Business improvement district — formation of a defined district in which property owners pay an additional assessment to fund special services and projects;
- Corporate sponsorships — corporate gifts or grants to implement specific projects or improvements; and
- Gloucester capital budget — some City capital funds may be needed to complete funding if other sources are insufficient or require a local match.

Once funding was obtained, the design and construction work would be overseen by the City's Departments of Community Development and Public Works. The Department of Community Development would oversee the planning process to provide the broad elements and scheme for improvements, working with an advisory committee and consulting with the Department of Public Works on traffic, construction, and maintenance issues, along with how to best phase and bid the project. Once the conceptual plans were completed, the formal engineering and design work would be bid and completed, and then followed by bidding and completing construction. It is likely the improvements would need to be completed in phases based on funding availability so an important part of the initial planning work will be to define desirable phasing of the improvements.

Implementation. Implementation steps include the following:

- Complete conceptual plans.
- Develop a budget and secure funding.
- Complete formal engineering and design work.
- Issue bid solicitations.
- Select contractor and complete construction.

➲ **Encourage infill development on Rogers Street.**

The south side of Rogers Street functions as the "back of house" or provides surface parking for many of the Main Street establishments. As a result, the urban form is disjointed and there is a general lack of visual character. The City should encourage infill development of retail and/or other facilities of public accommodation that attract patrons. Current zoning allows for a range of retail, commercial, and housing uses, including mixed-use development with ground floor retail and upper-story housing. This type of mixed-used development brings increased activity downtown and may be the most viable development option for Rogers Street given the current level of retail and commercial rents. Design guidelines should be developed to ensure that new infill development is compatible in scale and design with the existing urban form present on Main Street. Redevelopment of the north side of Rogers Street with buildings fronting on the street with "front of the house" architectural elements would significantly improve the appearance and pedestrian scale of the street. Similarly, sensitive redevelopment of the I-4 C-2 parcel could also enliven the street with active uses and attractive, appropriately scaled structure(s).

The City should develop design guidelines and provide financial incentives, such as tax increment financing, to encourage appropriate forms of redevelopment. Another potential financial incentive could be working with the Gloucester Investment Corporation to target part of its funds for infill development and mixed-used development along Rogers Street.

Parking is likely to be an additional obstacle to new development on Rogers Street as the current zoning requirements call for one off-street parking space per housing unit and per 200 square feet of retail or office space. This will be difficult to accomplish at the small infill sites on Rogers Street and would not promote good design and pedestrian experience where a more continuous and attractive street-level building façade is desirable. The City may want to consider more flexible alternatives to on-site off-street parking to address these parking requirements such as leased off-site parking within a reasonable walking distance or shared parking arrangements that might allow residential units to share parking with commercial uses to balance daytime and nighttime parking demand without building more parking.

Implementation. Key implementation steps for this recommendation include:

- Establish design guidelines for Rogers Street development.
- Identify and target financial incentives for new infill development, including mixed-used retail and housing development.
- Evaluate and develop a policy on flexible options to address parking requirements.

The Department of Community Development would oversee implementation of these recommendations, with the planning director responsible for developing and overseeing the design guidelines and flexible parking policy and the economic development director responsible for targeting financial incentives to Rogers Street development. These efforts will be based on existing staff work and will not require any new funding.

IMPLEMENTATION OVERSIGHT AND MANAGEMENT

The City should establish a formal committee to oversee implementation of this plan. Successful implementation of the plan, like any plan, requires a "keeper of the plan," a leadership group that is dedicated to, achieving the plan's goals, establishing measurable objectives, mobilizing organizational and financial resources, monitoring progress, and adjusting strategies and tactics as circumstances change. Another important role of this group is to keep the public informed about what is being accomplished and to maintain public support. The group should be a public-private partnership, composed of government, business, and civic leaders, interested citizens, and representatives of key stakeholder groups — harbor industries, property owners, and downtown merchants. In a resource-scarce environment, it is particularly important to have all key stakeholders committed and aligned.

Plan implementation should be initiated at a community "summit" designed to develop consensus on an overarching vision for the harbor economy, solicit community engagement and

support, and lay out initial implementation steps. Follow-up summits should be held on an annual basis to report on progress, receive community feedback, and lay out additional implementation steps.

The following table summarizes implementation needs for each recommended action, including timeframe, lead implementers, resources needs, and key implementation tasks.

INITIATIVE IMPLEMENTATION MATRIX

Initiative	Timeframe	Implementing Parties	Resources/ Funding Required	Key Tasks
Sustain and Build the Economic Base: Commercial Fishing				
Re-establish Fisheries Commission	1-3 months	• **Mayor** • City Council	Funding for staff	• Appoint commissioners • Allocate funding • Hire staff
Establish dockage monitoring and brokerage program	3-6 months	• **Fisheries Commission** • Waterways Board and Harbormaster • Information Technologies Services Department (website)	Staff time	• Compile dockage inventory • Design web-based brokerage service using new marketing website • Market the service • Collect and analyze supply and demand data
Develop business retention program for commercial fishing-related businesses	3-6 months	• **Fisheries Commission** • Community Development Department • Cape Ann Business Incubator	• Staff time • Volunteer recruitment	• Compile business inventory • Develop information collection tools • Develop resource brochure • Recruit and train volunteers • Develop follow-up process • Conduct visits

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Expand markets for commercial fishermen: State seafood marketing	6-18 months	• **Fisheries Commission** • Gloucester Fishermen's Wives Association • MA Fishermen's Partnership • State legislative delegation • MA Department of Food and Agriculture	• Staff time • Funding for State seafood marketing campaign	Work with the state legislative delegation, the Massachusetts Fishermen's Partnership, and other MA commercial fishing organizations to obtain legislation and funding to expand State's produce marketing efforts to include seafood.
Expand markets for commercial fishermen: sustainable fisheries certification	6-18 months	• **Fisheries Commission** • Industry sectors • Northeast Seafood Coalition	• Requires managing organization • Substantial cost for multiple species certification – likely $100-200k	• Identify lead organization to explore pursuing sustainability certification with local fishing industry • If decision is affirmative, designate local organization to manage process with third-party certifier • Raise funds

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Expand markets for commercial fishermen: use of commercial fishing vessels for research	6-18 months	• **Fisheries Commission** • Community Development Department (Maritime Industry Specialist)	Staff time	• Identify research vessel users in New England • Inventory local vessels available for research • Conduct outreach to research vessel users through development of marketing materials and contacts with vessel procurement officers • Develop web-based research vessel brokerage on City's new marketing website
Develop fishing industry workforce training programs	As required	• **Fisheries Commission** • Gloucester Fishermen's Wives Associations • Gloucester High School • North Shore Community College • MA Fishermen's Partnership	Funding for instruction and equipment	Monitor workforce training needs of commercial fishermen, processers, and vessel service providers and develop programs to respond to needs

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Sustain and Build the Economic Base: Visitor Economy				
Strengthen and coordinate tourism marketing	3-6 months	• Cape Ann Shore Chamber of Commerce • Seaport Gloucester • Tourism Commission	• Staff and board time • No additional costs	• Form working group • Organize regular meetings • Develop a joint strategic marketing plan • Develop memorandum of understanding that formalizes relationships
Improve harbor access by land	6-12 months	• **Community Development Department** • Traffic Commission • Department of Public Works • Cape Ann Transportation Authority	• Staff time • Funding for site management • Shuttle service operating subsidy	• Identify locations for large truck and tour bus staging areas and satellite parking • Negotiate use of selected locations with controlling City agencies • Develop traffic management and maintenance plans for sites and determine budgeting and staffing needs • Establish a shuttle service from satellite parking lot and raise necessary funding • Enact necessary traffic regulations • Develop informational programs and wayfinding signage • Develop walkway from satellite parking to downtown/harbor

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Improve harbor access by water	18-24 months	• **Waterways' Board** • Community Development Department	• Staff and board time • Funding for harbor shuttle dock construction and vessel operations	• Install bottom-anchored floats for day mooring by transient vessels and provide dock space for dinghy tie-ups • Seek exception to DPA regulations to allow for short-term berthing of transient recreational vessels at Solomon Jacobs Pier when rebuilt • Study less costly alternatives to harbor shuttle than proposed in Harbor Transportation Plan Feasibility Study • Decide whether to proceed with development of shuttle services • If decision is affirmative, develop detailed financing and operating plan and seek necessary capital and operating funding from state and federal sources • Work with congressional delegation to obtain funding for Annisquam River dredging
Extend the Harborwalk	3-5 years	Community Development Department	• Staff time • City property — seek grants • Private property — use Ch. 91 process and/or land negotiations and grants	• Finalize Harborwalk Route • Complete design work • Work with private property owners to secure rights • Identify funding sources • Construct

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Promote downtown hotel development	12-18 months	• **Community Development Department** • Cape Ann Chamber of Commerce • Tourism Commission • Seaport Gloucester • Hotel site property owners	• Staff time • Modest funding to print, advertise, and distribute developer solicitation	• Identify suitable sites • Gain property owner participation in solicitation • Secure City Council resolution • Decide on potential financing support • Prepare developer kit and solicitation • Advertise and distribute solicitation • Review proposals, advise on most feasible ones • Facilitate negotiations between developer(s) and property owner(s)
Selectively develop additional attractions and events	Ongoing	• Cape Ann Chamber of Commerce • Seaport Gloucester • Tourism Commission • Downtown businesses • Local cultural and recreational organizations	Funding for new attractions and events	• Establish working group to identify and study potential new attractions and events • Organize leadership groups to develop concepts with strong potential
Sustain and Build the Economic Base: Maritime Economy				

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Establish Maritime Industry Development Unit	1-3 months	• Mayor • Community Development Department	Funding for staff	• Allocate funding • Hire staff
Initiate a maritime economy market development program	3-12 months	Community Development Department	• Staff time • Volunteer recruitment • Funding for marketing activities	• Develop marketing materials • Develop a list of target maritime research and education institutions • Recruit volunteers to assist with outreach • Conduct outreach visits • Attend conferences of regional marine science and technology organizations • Host small meetings of marine science and technology organizations • Place advertisements in marine science and technology publications • Develop pages on the City's new marketing website targeted to maritime research and educational institutions and marine technology businesses. • Develop page on the marketing website targeted to commercial vessel operators outside the commercial fishing industry • Provide hands-on assistance to prospects

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Sustain and Build the Economic Base: Non-maritime Small Enterprises				
Develop marketing program	3-12 months	Community Development Department	• Staff time • Funding for brochure	• Develop targeted content and features targeted on City's new marketing website • Research social media platforms and identify appropriate marketing vehicles and techniques • Recruit local small business volunteers to support marketing efforts through social networks • Develop relationships and communications protocols with local and regional small business assistance organizations • Develop feedback mechanisms to monitor results of marketing efforts and refine activities accordingly • Develop and distribute brochure targeted to visitors at tourism information sites

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Install WIFI in downtown and harbor area	6-12 months	Information Technology Services Department	Funding for equipment and operations	• Study options and determine feasibility • Develop budget and allocate funding • Issue RFP • Hire vendor
Stimulate Property Investment				
Streamline regulations	Ongoing	• **Community Development Department** • Planning Board	Staff time	• Monitor permitting timelines • Simplify Site Plan Review process • Assist property owners with Chapter 91 licensing applications • Encourage priority development site designation where appropriate
Explore DPA modifications	5 years	Community Development Department	Staff analysis	• Track permitting and development of supporting uses • Identify required changes to DPA, if necessary • Develop proposed changes, hold public meetings, present to City Council for approval, and submit to DEP

INITIATIVE IMPLEMENTATION MATRIX				
Initiative	**Timeframe**	**Implementing Parties**	**Resources/ Funding Required**	**Key Tasks**
Promote Downtown Development and Downtown-Harbor Linkages				
Establish a Main Street Program	3-6 months	• **Community Development Department** • Cape Ann Chamber of Commerce • Downtown Development Commission • Merchants	• Some funding required for specific projects • Rely on volunteers and existing staff • Long-term: $80 to $100K needed for full-time manager and program	• Conduct research and gauge stakeholder interest. • Establish working group to develop program • Establish formal coordinating committee. • Commit CDD staff to support implementation and obtain resource commitments from other stakeholder groups. • Develop priorities and work plans • Pursue foundation grants and corporate sponsorships
Invest in streetscape improvements to strengthen downtown-harbor linkages	1-3 years	• **Community Development Department** • Public Works Department • Design Advisory Committee	Substantial funds needed for design work and improvements	• Secure funding • Complete conceptual planning process • Decide on phasing • Bid engineering and design • Bid construction • Construct improvements

INITIATIVE IMPLEMENTATION MATRIX

Initiative	Timeframe	Implementing Parties	Resources/ Funding Required	Key Tasks
Encourage infill development on Rogers Street	1-3 years	• **Community Development Department** • Gloucester Investment Corporation	No new funding needed	• Establish design guidelines • Identify and target financial incentives • Establish flexible parking policy
Oversee and Manage Plan Implementation				
Establish implementation committee	1-3 months	• **Mayor** • Community Development Department	Staff support	• Appoint members • Hold bi-monthly meetings • Prepare progress reports for review by the group • Review and update strategy document semi-annually

Note: Bold typeface indicates lead implementer